FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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U.S. and Japan: chip makers at war, Page 16

World news | Business summary

Dutch near missile accord

The Dutch parliament is expected to approve today a draft agreement with the U.S. on deploying cruise missiles in the Netherlands.

Jacob de Ruiter, Defence Minister, said the accord ruled out "100 per cent" any launching of the weapons without full Nato consultation.

A petition against the siting of missiles on Dutch soil, reported to have 3m signatures, is to be presented to Prime Minister Ruud Lubbers on Saturday.

French poll date

The French Government confirmed that National Assembly elections, the first under the new proportional representation voting system, would be held on March 16 next year.

Moroccan ceasefire

Morocco announced an immediate unilateral ceasefire in the Western Sahara, where it has been fighting the Polisario independence front since 1975.

Beirut search

Shi'a Muslim militiamen made a house-to-house search in Beirut for the three kidnapped Soviet Embassy officials still missing. They detained 70 people.

Vietnam appeal

Vietnam appealed for international help after Typhoon Cecil, which struck last week, killed at least 670 people and destroyed thousands of homes.

Thatcher 'insult'

Winnie Mandela, wife of South African black opposition leader Nelson Mandela, described British Prime Minister Margaret Thatcher's refusal to impose comprehensive sanctions as an insult to South Africa's black majority.

March veteran dies

General Xu Shiyou, veteran of China's "Long March" and former top communist forces commander, died at the age of 80, the New China News Agency reported.

Full market call

West German President Richard von Weizsäcker called for the immediate creation of a fully effective domestic market within the European Community. He was addressing the European Parliament in Strasbourg.

General ambushed

Colombian army commander General Rafael Samudio was slightly wounded when attackers ambushed his car with machine-guns and grenades as he drove to work in Bogotá.

Equality strike

Iceland's women threatened to close most businesses with a strike today for job equality. Stewardesses on Icelandair have already disrupted air travel by walking out over a wage demand.

Muldoon carpeted

New Zealand's former Prime Minister Sir Robert Muldoon is to be disciplined by his National Party for criticising the current leader, Mr Jim McClay.

Swell travel

U.S. diplomats misused taxpayers' money by taking leisurely cruises on luxury liners such as the QE 2 when they were returning from postings, according to the General Accounting Office. The diplomats could have saved $400,000 over a three-year period if they had travelled by air, the auditors said.

Deutsche Bank in record issue

DEUTSCHE BANK, West Germany's largest commercial bank, announced the launch of its biggest ever rights issue, aimed at raising more than DM 1bn ($400m). The bank will offer DM 50 nominal shares for DM 450 between November 12 and 26. Page 18

DOLLAR closed in New York at DM 2.6402, SwFr 2.1645, Y215.95 and FFr 8.0475. It eased in London, closing at DM 2.638 (DM 2.6405), FFr 8.04 (FFr 8.0475), SwFr 2.164 (SwFr 2.166) and Y215.75 (Y215.8). On Bank of England figures, the dollar's index rose to 130.8 from 130.7. Page 31

STERLING closed in New York at $1.4325. It gained 10 points against the dollar in London to $1.434. It also rose to Y309.5 (Y309.25) but was weaker at DM 3.7825 (DM 3.785), FFr 11.53 (FFr 11.5325) and SwFr 3.1025 (SwFr 3.105). The pound's exchange-rate index rose 0.1 to 81.1. Page 31

LONDON rose to a new peak as buying orders swept away the uncertainty that has clouded the market this week. The FT Ordinary share index closed 10.3 up at 1,051.3 and the FT-SE 100 index added 14.9 to close at 1,346.4. Page 38

WALL STREET: The Dow Jones industrial average closed up 2.80 at 1,367.16. Page 38

TOKYO: Caution dominated trading as further falls in large-capital and public-works-related issues continued to weaken the market. The Nikkei-Dow market average closed 55.16 down at 12,946.53. Page 38

BOURSES in Frankfurt, Brussels and Amsterdam reached record levels during hectic trading. The Frankfurt Commerzbank index added 29.8 to a new peak of 1,704.0. Page 38

GOLD fell $1.25 on the London bullion market to $326.50 but rose in Zurich, also to $326.50. In New York, the Comex December settlement was $329.0. Page 39

UNEMPLOYMENT in the European Community rose by 180,000 last month, according to EEC statistics. However, seasonally adjusted figures showed a slight drop in the jobless in France, Denmark, the Netherlands, Ireland, and West Germany.

U.S. consumer prices rose 0.2 per cent in September, the Labour Department announced. Declines were noted in prices of vehicles, energy and food.

NORWAY'S Oil Minister said the country's crude-oil production would increase 40 per cent to 1.1m b/d by 1990. He ruled out any co-operation on output with Opec.

ITALIAN bankers' association gave preliminary approval to a plan for Italy's first-ever depositors' insurance fund, expected to be around L4,000bn ($2.24bn).

POCLAIN, the French hydraulic excavator manufacturer, must make profits of FFr 200m in 1986 and 1987 to avoid asking shareholders for a capital increase. Page 19

PRIVATBANKEN, third-largest Danish bank, is joining Scandinavian Banking Partners, a venture formed by three leading banks in Sweden, Norway and Finland last year aimed at offering a pan-Nordic service without the expense of setting up subsidiaries in each country.

LAFARGE COPPEE, French cement group, acquired Western Plant Breeders, U.S. grain breeding company, as part of a progressive move into that market.

EXXON, world's largest oil company, reported a 22 per cent decline in third-quarter profits, which it attributed to the cost of restructuring its West German operations. Page 19

CHRYSLER, U.S. car maker, reached tentative agreement on settlement of an eight-day strike. Page 5

Reagan in bid to seize initiative ahead of summit

BY REGINALD DALE, U.S. EDITOR, IN NEW YORK

PRESIDENT Ronald Reagan yesterday opened three days of intense diplomacy in New York, in which he will try to put the Soviet Union on the defensive and line up Western support before his Geneva summit meeting with Mr Mikhail Gorbachev, the Soviet leader, next month.

In a speech to the United Nations today – and an informal summit meeting with five other Western leaders – Mr Reagan will try to turn the tables on what U.S. officials admit has been a successful Soviet propaganda drive over the past month in favour of its arms control proposals.

Mr Larry Speakes, the White House spokesman, said yesterday that in his UN speech Mr Reagan would put forward on broad, far-reaching initiative to which he hoped Moscow would respond.

The initiative would not, however, be on arms control, which should properly be discussed at the Geneva negotiating table, Mr Speakes said. The speech would be "realistic and straightforward" and contain "straight talk about the status of U.S.-Soviet relations."

His comments appeared to encourage widespread expectations that Mr Reagan would take a tough line with the Soviet Union, charging Moscow with worldwide expansion and human rights abuses. One of the main themes of his speech, however, is likely to be that competition between the superpowers must be peaceful.

Mr Reagan is expected to emphasise that the summit, on November 19 and 20, cannot be restricted to a discussion of arms control and his so-called Star Wars space defence initiative, which Moscow has sought to present as the make-or-break issue.

The summit must also be the place for "a frank discussion of our concerns about Soviet behaviour, particularly its attempts to expand its influence by force and subversion," Mr Reagan said in a newspaper interview yesterday.

The U.S. is hoping that today's Western "mini-summit," to be attended by the leaders of Britain, West Germany, Italy, Canada and Japan, will underline Western solidarity on the eve of his encounter with Mr Gorbachev.

Mrs Margaret Thatcher, the British Prime Minister, who was to meet Mr Reagan separately last night, is to urge him not to let world public opinion go by default to the Soviet Union.

Mrs Thatcher was disturbed to discover at this week's Commonwealth conference in the Bahamas that many Commonwealth leaders thought that Moscow had successfully established an image of reasonableness and flexibility on arms control.

She was expected to suggest to Mr Reagan that the U.S. should be more active in presenting its position, recalling that since 1983 it had been Washington that had taken the lead in initiating arms-control proposals.

U.S. officials are playing down the absence of President François Mitterrand of France, who declined to attend today's gathering of the Western leaders. They said Washington was very pleased with the consultations it had held with France through normal diplomatic channels.

Mr Reagan was also expected to have a brief conversation with Mr Eduard Shevardnadze, the Soviet Foreign Minister, possibly at a diplomatic reception to be hosted by Mr Reagan last night.

Mr Shevardnadze was planning to fly here from the Warsaw Pact

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U.S.-China nuclear pact, Page 6

Soviets deny Salt 2 breach over missile

BY DAVID BUCHAN IN LONDON AND PATRICK COCKBURN IN MOSCOW

THE Soviet Union yesterday dismissed U.S. accusations that its missiles development breached the Salt 2 treaty, and got from its Warsaw Pact allies endorsement of its arms control position in advance of next month's U.S.-Soviet summit.

At the conclusion of the two-day Pact summit in the Bulgarian capital of Sofia, Mr Vladimir Lomeiko, the Soviet Foreign Ministry spokesman, said this week's statement by Mr Caspar Weinberger, the U.S. Defence Secretary, that deployment of the new SS-25 missile violated Salt 2 provisions "does not correspond with reality." The Soviet spokesman, however, stopped short of denying that any SS-25 deployments had taken place.

The unratified 1979 Salt 2 treaty allows the superpowers one new intercontinental ballistic missile system each, a provision which the U.S. says permits its MX missiles and which the Soviet Union says allows its SS-24 missile. Moscow claims the SS-25 is not a "new" missile but a modification of the older SS-13. Washington disputes that.

Mr Lomeiko implied that Mr Weinberger was trying to torpedo "a hopeful chance for achieving some sort of agreement on arms meeting between Mr Mikhail Gorbachev and President Ronald Reagan in Geneva on November 19–20. The Warsaw Pact communiqué, basically a recitation of previous Soviet and Eastern alliance arms control proposals, laid sole blame for the arms race on the U.S.

In the run-up to the Geneva summit, both sides are seeking a propaganda edge with a mixture of toughness and conciliation. In the case of the Soviet Union, that took the form this week of Marshal Sergei Akhromeyev, the Soviet chief of staff, telling a Moscow press conference that Moscow would match any U.S. space-based defence system, and a deputy Soviet foreign minister saying that Soviet proposals for a 50 per cent cut in long-range missiles were negotiable.

The Warsaw Pact communiqué, as outlined by Mr Ivan Ganev, a deputy Bulgarian foreign minister, to a press conference, listed previous Soviet and Pact proposals for an end to Star Wars research and development, a moratorium on nuclear weapons testing, bans on new medium-range missiles and on chemical weapons, nuclear-free zones in north and central Europe and the Balkans, and a non-aggression accord between Nato and the Warsaw Pact.

In Paris last month, Mr Gorbachev called for more contacts between the two military alliances, but no further details emerged in Sofia.

Today, the focus of attention switches to New York, where President Reagan will be speaking to the United Nations and hosting a mini-summit of leaders from some leading Western countries. The U.S. President has been urged by Mrs Margaret Thatcher, the British Premier, to make a public presentation of U.S. arms control proposals, eclipsed by what many in the West regard as highly successful self-promotion by Mr Gorbachev.

Exim Bank backs U.S. groups in fight for foreign contracts

BY NANCY DUNNE IN WASHINGTON

THE U.S. yesterday stepped up its fight against the use of government subsidies in export financing which it claims have allowed competitor countries unfairly to win international contracts.

The Washington Export-Import Bank announced plans to spend $250m in offering mixed credit terms on six deals in the fields of transport, power and computers. The U.S. has targeted France, Italy and Belgium as nations against which it is particularly keen to compete.

Congress has yet to approve the $300m "war chest" requested by President Ronald Reagan in his trade policy speech last month to do battle against the practice of mixing commercial export financing with concessionary foreign aid funds.

The bank is issuing preliminary commitments for the six transactions under its own authority and expects to use the funds for the grant element in the financing once Congress approves them.

The six bids will not be made public until the other nations participating in the bidding are notified.

Mr William Draper III, Eximbank president and chairman, said in a statement yesterday that the bids would be targeted against countries which were hampering the progress of international negotiations with the Organisation for Economic Co-operation and Development to eliminate mixed credits.

"They are intended to pressure those countries to end the insidious practice of using foreign aid or mixing scarce foreign assistance funds with normal export credits to buy an otherwise commercial contract," he said.

France, Italy and Belgium have been identified by Treasury officials as the nations which are inhibiting negotiations. Mr Draper said the six bids involved "intense international competition for sophisticated equipment and services which should be financed on commercial terms."

In three cases, Eximbank was initiating the mixed credits to assist U.S. suppliers in penetrating markets that had been dominated in the past by the countries which were impeding negotiations, he said.

In two cases, the bank is prepared to offer financial terms more favourable than those contained in mixed credits already offered. In the sixth case Eximbank and the Agency for International develop-

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S. Africa to stop promoting sale of Krugerrand

By Stefan Wagstyl in London

SOUTH AFRICA's gold producers are to stop the direct promotion of the Krugerrand, the coin that has spearheaded their worldwide gold marketing campaigns.

The International Gold Corporation (Intergold), the sales arm of the South African Chamber of Mines, will turn to more discreet ways of marketing gold for private investors.

The moves come in response to a U.S. ban on Krugerrand imports imposed earlier this month by President Ronald Reagan, who described the coin as "an important symbol of apartheid."

This week, Commonwealth leaders, meeting in Nassau in the Bahamas, also agreed to bring in import bans. The Japanese and Austrian governments have meanwhile advised their banks to stop importing the coins.

Demand for Krugerrands had already slumped this year as investors reacted against growing political unrest in South Africa by turning to other gold coins, notably the Canadian Maple Leaf, and small ingots.

The market for gold coins had in any case been undermined by poor gold prices. This has been exacerbated in the UK by the imposition in 1982 of value-added tax on gold coins.

Gold traders said yesterday that Intergold was facing up to the inevitable in ending the direct promotion of the Krugerrand. "They're drawing in their horns," said one.

Mr Nigel Desebrock, manager of Intergold's personal investment division (until recently called the coin division), denied that there were any plans to stop minting Krugerrands.

However, "in recent months" no one-ounce coins had been produced – only the half-ounce, quarter-ounce and tenth-ounce sizes. The total output was well down on last year since Intergold was able to meet demand from its stockpile, he said.

Mr Desebrock said the changes did not mean any reduction in Intergold's marketing efforts. Intergold would be marketing gold for personal investment generically (rather than specifying Krugerrands) – just as it marketed gold jewellery generically.

The withdrawal of the Krugerrand from active service in marketing deprives Intergold of one of its most successful promotional tools. Since its launch in 1970, 50m Krugerrands have been sold, helping to create a market for gold coins which has attracted rivals like the Maple Leaf.

Pretoria debt talks fail to find solution

BY PETER MONTAGNON IN LONDON

SOUTH AFRICA is to meet its main bank creditors again in London on November 26, but there is little hope of a formal rescheduling agreement that could allow the present debt repayment standstill to be lifted.

A first meeting between the two sides yesterday, chaired by Dr Fritz Leutwiler, the Swiss mediator, concentrated on developments in South Africa's economy and technical aspects of the debt standstill, which covers $13.6bn in loans falling due over the next 12 months.

Bankers present yesterday said political issues were not discussed at the meeting, but awareness was growing that the time was not ripe for a formal rescheduling agreement.

One banker, blaming "lousy marketing" of its political reform effort by the South African Government, said that public opinion against apartheid in many countries was too strong for banks to justify signing a formal debt restructuring agreement.

Meanwhile, efforts will concentrate on making the two-month-old standstill work better, with changes expected by next month to facilitate equal treatment of creditors. Those might include clarification of technical aspects such as the treatment of negotiable bankers' acceptances and certificates of deposit issued by South African banks which are held by non-bank investors.

One main difficulty in predicting the future course of events after yesterday's meeting was a lack of consensus in the international banking community over the precise political reforms South Africa would need to introduce before a rescheduling became feasible.

The unique political background to South Africa's problems also again became apparent when none of the 30 banks present moved to form a negotiating committee to work out a rescheduling – as has been the case with other countries facing debt difficulties.

Instead, Dr Leutwiler, who is chairman of the Swiss industrial conglomerate Brown Boveri and a former president of the Swiss National Bank, will continue to sound out all the country's bank creditors, large and small, on their view of South Africa's situation.

At yesterday's meeting, Dr Leutwiler emphasised that his role was that of an independent mediator working neither on behalf of South Africa itself nor its bank creditors.

Figures delivered to the meeting by Dr Chris Stals, director general of the Finance Ministry in Pretoria,

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UK Commons debate, Page 7

Fabius and Chirac fly to N-test atoll

BY DAVID HOUSEGO IN PARIS

M LAURENT FABIUS, France's Prime Minister, left Paris for the South Pacific yesterday to be present at nuclear tests during the next few days on Mururoa atoll.

The Prime Minister's unexpected visit, announced only a few hours before his departure, is intended to emphasise France's determination to continue testing in the region, despite the opposition of the regional states.

The visit also has a domestic political purpose in helping M Fabius to deflect the attack expected to be launched on the Government over its handling of the Greenpeace affair by M Jacques Chirac, the Opposition leader, when he meets M Fabius in a televised face-to-face debate on Sunday night.

It is the first time the French Government has given any indication of the timing of nuclear tests on Mururoa atoll. Normally the only details of the testing emerge from monitoring in New Zealand.

The fact that M Fabius is accompanied by parliamentarians and journalists is also intended to turn the tables on the Greenpeace environmentalist organisation, which attracted considerable international publicity when it sent its ship, the Greenpeace, to Mururoa to keep a watch on the testing.

Problems with the ship's generator have forced it to head for New Zealand and the television crew and journalists it was carrying have had to leave it. Another Greenpeace vessel – the sailing ship Vega – and a New Zealand yacht, the Varangian, are still in the area. They have been told by the French authorities not to approach within 12 miles of the atoll.

M Fabius is accompanied by M

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EUROPEAN NEWS

Award for Peugeot chairman

By Paul Betts in Paris

M JACQUES CALVET, chairman of the Peugeot motor group, has been named French manager of the year. The choice reflects the recovery at the company which is expected to break even this year after losses totalling about FFr 9bn (£780m) since 1980.

M Calvet joined Peugeot three years ago after he was forced out from the Banque Nationale de Paris, France's largest state-owned bank, where he was chairman until the Left came to power.

Over the past two years he has accelerated the restructuring programme at Peugeot involving big job losses, and despite a serious labour conflict at the Poissy car plant, has succeeded in pressing ahead with it.

In some respects he has reaped the fruits of a reorganisation begun before he joined the group.

The recovery of Peugeot, France's largest private section industrial group, rests in large measure on the commercial success of the Peugeot 205 and to a lesser extent on the success of the Citroen BX. The company has also just launched the medium range 309 which it hopes it will consolidate the recovery.

The manager of the year title is given each year by the weekly economic magazine Le Nouvel Economiste. Last year the joint chairmen of the French Accor hotel group won the award.

MEPs demand final say on Treaty of Rome amendments

BY QUENTIN PEEL IN STRASBOURG

MEMBERS OF the European Parliament yesterday demanded the right to have a final say on any amendments of the Treaty of Rome, and particularly any changes which might alter their powers in the EEC.

One after another, they stood up in the Strasbourg assembly to express their sorrow and more often anger at the work of the inter-governmental conference currently attempting to revise the Treaty to streamline the operations of the Community and extend the powers of the Parliament.

The predictable response of the MEPs, frustrated at their impotence in the face of the over-riding power of the member governments, was directed above all at the refusal of the member states to allow them the right to amend and vote on any Treaty changes.

They heard M Jacques Delors, president of the European Commission, repeat his commitment to a Europe without physical frontiers, in spite of the criticism of that concept by several foreign ministers when they met on Monday.

However, a division is emerging within the ranks of the Parliament on how fiercely to oppose the work of the conference.

The radicals, led by Sig Altiero Spinelli, veteran Italian communist and author of the Parliament's Draft Treaty of European Union, which seeks broad-ranging powers of joint decision-making, wants to reject any more modest outcome outright.

A more cautious group in the centre recognises the need to negotiate with the Council of Ministers, sitting as the inter-governmental conference, to seek some more acceptable extension of their authority.

None the less, similar criticism of the reform process came from all sides.

Sig Spinelli himself, chairman of the Parliament's institutional committee, said the proposals in the conference so far bordered on an insult to the Parliament. He warned of a grave crisis between the two institutions of the Community if no change were made.

Even members of the British Conservative group argued in favour of Treaty amendments with more enthusiasm than the UK Government.

Ten cool to Comecon overture

BY QUENTIN PEEL

THE EUROPEAN Community does not wish to establish any far-reaching bloc-to-bloc relationship with Comecon, the Soviet-dominated state trading organisation, and certainly not at the expense of bilateral relations with individual Eastern European states.

That was the clear and decidedly sceptical response yesterday from spokesmen for both the European Commission and the EEC Council of Ministers to the latest approach from Comecon to formalise relations.

Mr Willy De Clercq, the European Commissioner responsible for external relations, said that the approach from Comecon in a letter from the Secretary-General, to agree a declaration of intent to establish such a link did not appear to change significantly the organisation's basic position.

"We want to continue discussions on a partner-to-partner basis, rather than on a bloc-to-bloc basis. We do not want blocto-bloc discussion because this would imply condoning the separation of Europe."

The whole question of EEC-Comecon relations, raised anew at the apparent instigation of Mr Mikhail Gorbachev, the Soviet leader, is to be discussed next weekend by EEC foreign ministers at their six-monthly informal meeting.

However, Mr Robert Goebbels, the Luxembourg Secretary of State for Foreign Affairs, gave the European Parliament no hint of a change in the EEC emphasis on bilateral links.

W. German order books swell

By John Davies in Frankfurt

WEST GERMAN manufacturers are highly optimistic about business prospects, with order books growing even though production has been stepped up.

The mood, gauged by the Munich-based Ifo economic research institute, is further evidence of the moderate upswing in the economy.

Ifo's report comes hard on the heels of forecasts by West Germany's five leading economic research institutes, which believe gross national product will grow by 3 per cent next year after a 2.25 per cent increase this year.

Even though the D-mark has gained in value against other leading currencies, manufacturers profess to be more optimistic about export prospects than they were in August. Industrial companies have seen orders increase and in general regard their order books as at a normal level, according to Ifo.

Production plans for the next few months also indicate a further increase in tempo.

Only in isolated cases have companies raised their prices.

In their forecasts released earlier this week, the five institutes predict that inflation will continue at about 2 per cent next year.

They created some stir with their suggestion that the government should bring forward by a year the second stage of its income tax cuts in order to give a further lift to the economy.

Austria's budget deficit to rise

By Patrick Blum in Vienna

AUSTRIA'S BUDGET for 1986 foresees a further increase of government debt despite a slight fall of the net deficit as a share of gross national product.

Dr Franz Vranitzky, the Finance Minister, presenting his budget yesterday, said that government income next year is expected to be Sch 388.7bn (£14.6bn), 5.3 per cent more than in 1985. Expenditure is put at Sch 492.5bn, up 6.2 per cent.

The resulting gross budget deficit of Sch 103.7bn compares with Sch 93bn this year. The net deficit, after debt redemptions of Sch 65.6bn for 1986, represents about 4.5 per cent of the expected gross domestic product, a little below the 4.7 per cent expected this year.

Government debt has been rising steadily in recent years mainly because of mounting expenditure on social security, pensions and in subsidies to the state-owned industries.

In 1982 the debt totalled Sch 341.6bn representing 30 per cent of GDP. It is expected to reach Sch 533.4bn, or 39 per cent of the GDP, this year and Sch 599bn or 41 per cent in 1986.

Dr Vranitzsky said reduction of some expenditures, together with administrative improvements, showed the Government's determination to tackle the budget deficit on the basis of social consensus. He rejected calls for more sweeping spending cuts.

Herr Robert Graf, the opposition People's Party spokesman on the economy, said it was a "budget of disappointments." For the first time the gross budget deficit would exceed Sch 100bn and there were no structural improvements. He also criticised the minister for failing to lower income tax.

Dr Vranitzsky said Austria's economy continued to perform well in comparison with those of its competitors. He forecast 2.5 per cent real growth in 1986 following a rate of 3 per cent this year attributable mainly to exports rising by 16.5 per cent.

Imports have also risen, although at a slower rate, reducing the trade deficit. The current balance of payments, however, is expected to continue to show a slight deficit.

Inflation down from 5.6 per cent in 1984 to 3.5 per cent this year, is expected to be 3 per cent in 1986. Unemployment is forecast to grow slightly from 4.7 per cent this year to 4.9 per cent.

● Austria's schools were closed yesterday as 33,000 teachers went on strike for higher pay. The strike was called after talks with the Government broke down. The last teachers' strike in 1973 lasted two days.

Strikes are extremely rare in Austria and are counted in seconds per worker each year.

Craxi seeks to repair damaged U.S. relations

BY JAMES BUXTON IN ROME

SIG BETTINO CRAXI, Italy's Prime Minister-designate, yesterday left Romefor New York where he is to meet President Ronald Reagan today.

The two leaders are expected to use the meeting to consolidate last weekend's rapprochement in U.S.-Italian relations after the row between the two countries in the aftermath of the Achille Lauro hi-jacking.

Relations were patched up at the weekend when Mr Reagan sent Sig Craxi a personal letter by the hand of Mr John Whitehead, the U.S. Deputy Secretary of State.

Sig. Craxi will also attend the meeting of the leaders of major industrial countries—excluding France—at which Mr Reagan intends to discuss his meeting next month with Mr Mikhail Gorbachev, the Soviet leader.

Sig. Craxi is thus abandoning until the weekend the talks he has been having with other party leaders in a bid to form a new government. He handed in his resignation last week after the Republican Party pulled out of the Government.

It did so in protest against the way Sig. Craxi allowed Mr Mohammed Abu Abbas, of the Palestine Liberation Organisation to leave Italy after the came into the country involuntarily aboard the Egyptair jet which was diverted to Italy by U.S. fighters.

Sig Craxi has made it clear that he wants to create his new administration on his own terms, which appears to imply that he does not intend to amend his foreign policy substantially to meet Republican Party misgivings.

The Republican party, led by Sig Giovanni Spadolini, who was defence minister in the outgoing government, believes Italy is too sympathetic to the PLO.

Sif Craxi hinted before he left for the U.S. that he is considering the option of forming something other than a new version of the five-party coalition of Christian Democrats, Socialists, Republicans, Social Democrats, and Liberals, which he headed until last week.

This is generally taken to mean that he is thinking of a coalition consisting of four parties, excluding the Rpublicans. The Republicans might, however, give such a grouping voting support in Parliament.

Easier foreign exchange rules widely welcomed

BY OUR ROME CORRESPONDENT

ITALIAN exporters and investors have welcomed two important government measures for liberalising foreign exchange controls which are now coming into force after being approved by the government of Sig Bettino Craxi just before it fell last week.

The Ministry of Foreign Trade has abolished the rule which required exporters to finance their exports partially in foreign currency, and to repay the loan within 360 days.

The obligation, which was introduced during the financial crisis in late 1982, originally required exporters to borrow in foreign currency to finance 75 per cent of their exports. But in July 1984 the amount was cut to 50 per cent, and last January to 25 per cent. Now the rule is being abolished altogether.

The authorities have also decedided to cut the size of the non-interest bearing deposit which favours wishing to invest money abroad have to make with the Bank of Italy.

The size of thedeposit is being unified at 25 per cent of the value of the sum being invested. Formerly it was 30 per cent for investment in the EEC, 40 per cent for those in the rest of the OECD area and 50 per cent lsewhere. Italian mutual funds are already allowed to invest up to 10 per cent of their portfolios in foreign securities without having to make the deposit.

The measures, accompanied by a number of other minor relaxations in foreign exchange regulations, are part of an accelerating process reducing restrictions on overseas transactions. Since April 1984 the authorities have on five occasions implemented packages of measures reducing exchange control.

But little progress has been made on reforming a law of 1976which imposes increasingly severe penalties for breaking foreign exchange regulations. These make it an offence punishable with up to six years imprisonment to export or hold abroad L5m (£2,000) or more.

A government Bill to reform the law was introduced in late 1983 but had not been approved by Parliament before Sig Craxi's government fell last week.

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Job creation schemes announced in Irish package

BY HUGH CARNEGY IN DUBLIN

DR GARRET FITZGERALD, Ireland's Prime Minister, announced a package of measures in the Dail (parliament) yesterday aimed at easing unemployment – currently the highest in the EEC at 17.5 per cent of the workforce – and improving tax collection.

Most of the job creation schemes were aimed at Ireland's heavily depressed construction industry.

Property in Dublin will be acquired for redevelopment and there will be additional inner city reconstruction in the capital with incentives such as up to 100 per cent capital relief on buildings and full rates (local property taxes) relief for 10 years.

Home improvement grants of as much as I£5,000 ($5,850) will be introduced, I£7m will be spent in the leisure and tourism sectors and the natural gas grid will be extended to Limerick and Waterford.

In addition, new full-time employees taken on by private employers up to March 31 next year will be exempt from social insurance contributions, and the Government will consider modifying social insurance contributions in favour of labour-intensive industries.

Dr FitzGerald said the measures would be financed by cuts in less essential spending, but he gave no details. He did not estimate the impact on unemployment, but it appeared the measures were unlikely to create more than 10,000 jobs, compared with the jobless total of 230,000.

The Prime Minister said efforts to improve tax collection and cut tax avoidance, such as more tax-evasion officers and surcharges for filing late tax returns, would be introduced.

Answering questions earlier, he said the budget deficit this year would "marginally exceed" the Government's target of 7.9 per cent of GNP.

● Dr FitzGerald told a stormy session of the Dail yesterday that he had been informed by the British Government that controversial comments about Irish policy on terrorism reportedly made by Sir John Hermon, Chief Constable of the Royal Ulster Constabulary, had been "seriously misrepresented by the media."

Facing angry questioning by Mr Charles Haughey, the opposition Fianna Fail leader, who asked how Anglo-Irish talks on Northern Ireland could proceed after the Prime Minister had been "stabbed in the back" by Sir John, Dr FitzGerald said negotiations with London would continue.

(Advertisement)

DAI-ICHI KANGYO BANK

DKB ECONOMIC REPORT

October 1985: Vol. 14, No. 10

Japan's huge trade surplus could be greatly narrowed by expanded personal consumption

The uptrend in the Japanese economy, which started in March 1983, entered its 28th month in June, matching the previous record for business expansion which occurred between November 1977 and February 1980. As the economy is still showing strength, presumably the current economic expansion is setting a new record for the longest growth period. Recently, however, this expansion has been losing some of its strength.

Slowing exports

One of the factors weakening the expansion is the slowdown in exports. An analysis of Japan's 10 major export items in 1984 clearly illustrates the downtrend in exports. The 10 major export items, which account for more than 50 per cent of Japan's total export value, increased by nearly 20 per cent last year, contributing greatly to pushing up Japan's total exports in 1984. The situation, however, changed this year. During the first seven months of this year, exports of the 10 major export items gained only 1.7 per cent from the same period of last year. The sole exception is automobiles, registering an 8.5 per cent increase.

The slowdown in exports is attributable largely to poor shipments to the U.S., the largest customer of Japanese goods. As Japan last year sent 35 per cent of its exports to the U.S., Japan's exports are vulnerable to the U.S. economy. Export prospects are bearish as the U.S. economy is likely to stagnate.

Prospects are also poor for shipments to China, which is now Japan's second largest customer. From January through July this year, China bought 2.1 times more Japanese goods than in the same seven-month period of last year. However, surging imports greatly worsened China's trade balance and jammed Chinese ports and harbor facilities, leading the Chinese Government to take import-curbing measures. Under these circumstances, Japan's exports are likely to be slow for the months ahead.

Vigorous capital spending

Private plant and equipment investment, another pillar supporting the current economic expansion, still remains firm, although its increasing momentum has been waning gradually. Shipments of capital goods, excluding transportation machinery, to the domestic market — a yardstick to measure capital spending — recorded a 5.2 per cent gain in the first half of 1985 from the preceding half-year term. The rate of increase, comparative to the 5.8 per cent gain in the second half of 1984, indicated that corporate capital spending is still strong. An Economic Planning Agency survey aimed at large corporations also confirmed the view, estimating a 5.7 per cent gain from the first half of the year in plant and equipment investment by all industries in the second half of 1985, following an estimated 3.0 per cent rise in the first half.

There are some deterrents, however. Capital spending by small and medium-sized companies has been slowing and semiconductor makers as well as related industries have been revising downward their previously-set plant and equipment investment programes. These negative factors could be cancelled out by the non-manufacturing industry, whose capital spending has been picking up. Overall, capital spending will continue to expand steadily.

Consumption recovery lacks strength

With economic expansion entering its third year, policy makers are pinning their hopes on the recovery of personal consumption. To their disappointment, however, the recovery trend still lacks vigor. Economic indicators that mirror the trend of personal consumption showed an uptrend in the first quarter of this year but slipped again in the second quarter.

Particularly lackluster is consumption spending by wage-earners' households. Slow gains in incomes are one of the major factors for sluggish spending. Disposable income of wage-earners' households increased 4.0 per cent in the first quarter from a year earlier but the rate of increase slowed to 2.8 per cent in the second quarter.

Also, the propensity for wage-earners' households to consume is decreasing. This is contrary to the habitual pattern of consumers' loosening their purse strings when their incomes go up while prices are stable. This time, consumers are keeping their purse strings tied despite favorable economic environments.

In the third quarter, consumption spending is likely to pick up as the increase of summer bonuses was higher than last year and an unusually hot summer stimulated consumption. Adding these factors together suggests a moderate recovery of consumption spending in the months ahead. The consumption structure of the Japanese economy seems unlikely to change greatly unless drastic steps are taken to expand consumption. A further acceptance of the five-day-week system resulting in more leisure time many be one of many solutions.

Import promotion urged

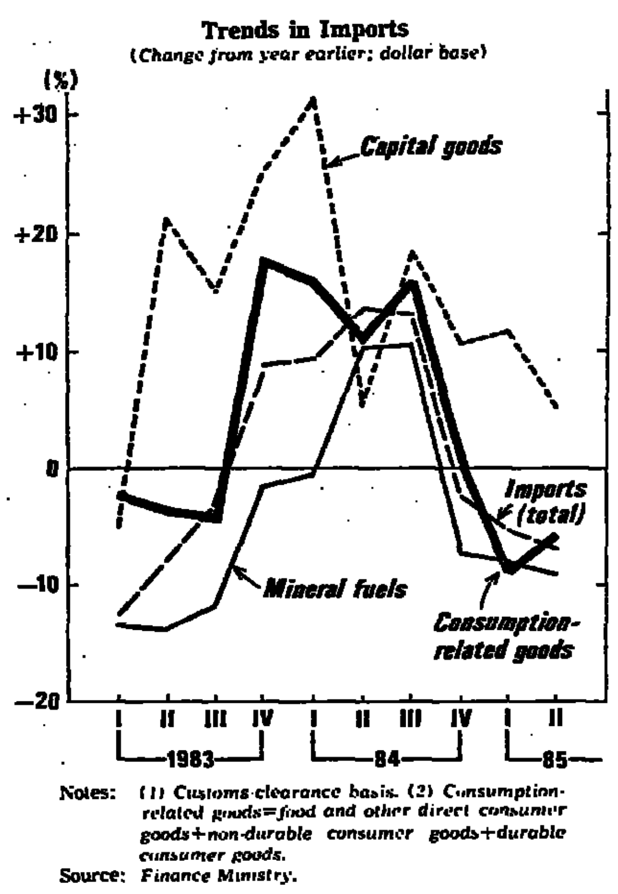
Japan's trade surplus is still expanding. The surplus during the period from January to July amounted to $28 billion, indicating it will come close to $50 billion for 1985 as a whole, far outstripping the $44.3 billion recorded in 1984.

Increased imports are urgently required to narrow the gap, but purchases from abroad are currently falling short of last year's levels. This is because imports of mineral fuels have dropped more than 10 per cent below last year due to poor quotations of crude oil and other energy sources as well as the progress of energy-saving measures. Slowing consumption is another factor for the poor imports.

An analysis of imports of personal consumption-related products well illustrates the slowdown in consumption. Import value of food and other direct consumer goods in the first half of 1985 dropped 10.8 per cent from the same period of last year, and that of durable consumer goods was almost flat, recording only a 0.2 per cent gain. Among major demand factors of the Japanese economy, consumption affects imports the most. A ¥10 billion gain in personal consumption pushes imports up by ¥1.35 billion. Expansion of personal consumption is strongly called for to narrow the huge trade imbalance.

Trends in Imports

(Change from year earlier; dollar base)



Notes: (1) Customs-clearance basis. (2) Consumption-related goods=food and other direct consumer goods+non-durable consumer goods+durable consumer goods.
Source: Finance Ministry.

Automobiles Sustain Japan's Exports

(Percentage change from year earlier on dollar basis)

		1984	1985 (Jan.-July)
1	Automobiles	+14.2	+ 8.5
2	Steel	+ 7.9	+ 1.8
3	Tape recorders	+28.6	+ 1.7
4	Office equipment	+47.0	+ 4.2
5	Vessels	+21.9	−15.7
6	Scientific and optical instruments	+13.3	+ 5.2
7	Semiconductors and other electronic parts	+55.9	−10.9
8	Automotive parts	+31.8	+ 8.0
9	Prime movers	+28.2	− 2.3
10	Metal products	− 3.4	−13.3
	Total of 10 top items	+19.4	+ 1.7
	Japan's total exports	+15.8	+ 0.2

Source: Finance Ministry.

FRENCH OPPOSITION PUTS FINAL PLANKS IN ECONOMIC PLATFORM

Chirac gambles on TV debate with Fabius

BY DAVID HOUSEGO IN PARIS

HALF THE French population, according to opinion polls, will be watching the debate on television on Sunday night between M Laurent Fabius, the Prime Minister, and M Jacques Chirac, leader of the right-wing RPR party. It will be the first important political confrontation of the campaign for the parliamentary elections next March.

It will also be the first time that the opposition's economic programme comes under detailed questioning from a senior government minister.

Leaders of the ruling Socialist party have been arguing for some time that the opposition's "Thatcherite" programme of deregulation, privatisation and accelerated cuts in public expenditure and taxes will jeapordise the stabilisation programme now bearing fruit after two years.

The opposition has on its side a strong shift in public opinion towards more market-oriented economics. But it also will have a problem convincing voters that its programme involves both a radical departure from current policies and one which does not undermine the success already achieved in bringing down inflation and external deficits.

The televised debate comes at a moment when the two main parliamentary parties in the opposition — the neo-Gaullist RPR and the centrist UDF — have been putting the final touches to the programme on which they will fight the elections. This tacitly assumes that the parliamentary Right will win an absolute majority in the National Assembly and that M Chirac, as leader of the largest group, will become Prime Minister.

M Chirac (left) will defend opposition's economic policy against M Fabius.

He is eager to do this because he believes it is his best hope of increasing his public standing and thus of establishing himself as the Right's candidate for President.

It was for much the same reason that he took the risk of accepting the Prime Minister's challenge of a face-to-face debate on television. Even within Chirac's camp, his supporters fear he will come off worse in the skirmish with M Fabius, who is a polished and nimble television performer.

The opposition's strategy is based on a crowded legislative programme in its first few months of power during which it would attempt to make a decisive break with Socialist policies. This would be accomplished by a supplementary budget in June and the presentation of the 1987 budget in December aimed at cutting public expenditure by one percentage point of gross national product — about FFr 45bn (£4bn) — on an annualised basis.

Among the laws or decrees that the new government would present to the Assembly in the first few months are:

- A framework denationalisation law covering the banks, insurance companies and most industries in the competitive sector. The Right believes it could raise about FFr 20bn from privatisation. It would also replace early on the heads of nationalised institutions judged as political appointees.
- The abolition of price controls.
- Initial steps towards the lifting of exchange controls. In particular, importers would be allowed to cover forward while exporters would be given longer to repatriate remittances.
- A law stimulating competition aimed particularly at transport and telecommunications.
- A new statute for the Bank of France giving it more independence along the lines of the West German Bundesbank.
- The abolition of regulations requiring industry to obtain government approval before declaring redundancies.
- The scrapping of regulations giving the established trades unions, a virtual "monopoly" in representing employees

The supplementary budget would be aimed at cutting expenditure—in particular social security spending—by some FFr 35bn. The opposition believes this to be the amount by which the 1986 budget deficit is understated. The deficit would thus be brought back to a "true" figure of FFr 145bn.

The 1987 budget planned for September would include furtheir spending cuts of about FFr 40bn-FFr 45bn. A decision would be taken at the time on how to divide this between cutting the budget deficit and reducing corporate and income taxes. Senior opposition leaders believe, however, that the former will be given precedence under pressure from M Raymond Barre, the former Prime Minister.

In social terms, the strongest opposition will come from the unions who are against changes in the labour laws. But, in part to defuse union anger, the opposition election campaign will minimise the cuts in social security spending.

It is because of the difficulty of implementing such a programme while M Francois Mitterrand remains President, that M Barre has publicly declined power-sharing with a Socialist President. At the same time, the Socialists believe that the Right's economic difficulties in 1986-87 and the strong powers that the President still retains, give them a chance of winning the next presidential election

Poland's new unions condemn level of spending on welfare

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S NEW trade unions, set up to replace the Solidarity movement and now claiming 5m members, have signalled that they intend to press for more government spending on health and social welfare.

The warning comes in an unusually outspoken article in Zweazkowiec, the union's weekly newspaper, which brands as false, official claims that welfare spending in Poland is too high.

The Government is attempting to hold down the welfare budget and increase charges for social services which are traditionally low in Eastern Europe. Its aim is to focus workers' attention on achieving higher wages through increases in productivity.

However, Zweazkowiec claims that social spending levels, which include pensions, health, schooling and family benefits, in other Soviet bloc countries are much higher than in Poland where the share of the national income devoted to this sector has fallen since 1980.

It strikes an ideological note by warning that further cuts would undermine the Socialist system and could lead to working-class upheavals.

The tone is reminiscent of that employed by the hardline faction within the Polish establishment which continues to criticise the Communist party leadership for allowing working class living standards to fall.

Zweazkoweic warns that family benefits and the length of maternity leave are lower than elsewhere in Comecon, while the number of hospital beds puts Poland fifth from the end in Europe as a whole. Old-age pensions, too, are falling back in relation to wages. The average pension is worth only 44 per cent of the average wage today compared with 47 per cent in 1983.

W. Berlin poll critical of allies

BY LESLIE COLITT IN BERLIN

A MAJORITY of West Berliners want significant changes in the occupation rights of the three Western allies in the city according to a poll taken for West Berlin radio and TV.

Sixty per cent favoured having German courts try allied soldiers accused of violating German laws in Berlin. The Western allies argue that it would affect the status of Berlin and allied rights and responsibilities.

A recent case involving a British soldier accused of raping a West Berlin woman caused resentment in the city when a British army court acquitted the soldier

The allies also ruled that a West Berlin court could not exercise jurisdiction in a law suit brought by West Berliners to prevent the operation of a controversial British army firing range near their homes.

The poll disclosed that a growing number of West Berliners appeared to favour concluding treaties with the Soviet Union and East Germany to take the place of Western allied guarantees to defend West Berlin. Thirty per cent said such treaties would make the city "more secure," 67 per cent said it would become "less secure."

An allied official said West Berliners appeared to be forgetting the historical background to the allied presence in the city and the sovereignty the three Western allies exercise there. He cautioned, however, against basing policy decisions on such polls.

Soviet economic problems

Consumers with little to consume

BY PATRICK COCKBURN IN MOSCOW

IN THE last four years consumption of alcohol in the village of Losikha in the Altai region of Siberia has jumped from 24 litres per villager each year to 35 litres a year.

The reason for the increased drinking is the success of a new system of incentives introduced on a near bankrupt collective farm called "The Road to Communism" on which most of the villagers work.

The collective farm was "on the rocks" in 1981 writes a reporter from the Daily Komsomolskaya Pravda: "Plans were unfulfilled. Another 120 workers were needed. Milkmaids drank along with herdsmen and cows went unmilked for days."

The incentives experiment, conducted by the Siberian Institute of Economics and Industrial Organisation, was an immediate success. Within two years the farm was making a profit of Roubles 1.3m (£1.5m). The wages of farm workers tripled. The problem was where to spend the money.

In nearby Losikha, population 1,400, there was only margarine, pearl barley, nails and some 10-year-old elastic-sided boots in the shops. Although the villagers had Roubles 1.2m in bank accounts there were only Roubles 288,000 worth of goods in the village shops and no less than Roubles 200,000 were unsaleable.

The only place the extra money could be spent locally was in the wine shop. Alcohol sales have jumped from 49 per cent of food sales four years ago to 64 per cent today.

One worker on the collective farm named Vasily Mazayev made roubles 4,500 in the first year of the experiment whereby payment is by results under a new contract system. The next year he stopped sharing his work with another worker on the farm and his earnings doubled.

The problem is that the Mazayev family only buy bread, sugar, salt, and matches in the local shops and the rest of the money goes into a bank account. Once a year, when the couple take their annual holiday, Nina Mazayev, Vasily's wife, withdraws their savings and flies to Moscow where she buys overcoats, children's tights and other goods unobtainable in Losikha.

The case of Losikha may be extreme because the village, north of the Chinese border, is so far from the more heavily populated parts of the country. But the empty shops are not atypical of the rest of the country and the problem facing Mr Mikhail Gorbachev, the new Soviet leader, in providing the consumer goods needed if higher wages as a reward for improved productivity are to prove effective.

To ensure that there is more to buy in the shops a programme was introduced last week for an increase in the production of consumer goods by 30 per cent by 1990. Services are also to be improved. At the moment they account for only 10 per cent of family spending but demand is believed to be twice as high as this.

House and car repairs are normally carried out through the black market.

The problem is that light industry has never received the same priority as heavy industry in the Soviet Union. Much of the equipment in textile plants is obsolete.

The same is true of much of the food industry. Moves towards greater flexibility in reacting to demand and not simply boosting output to meet the norms of the plan have been slow in implementation.

But even if there is greater flexibility in organisation over the next five years there is still the need for more capital investment. This may not be available on the scale needed. In the Ukrainian food ministry, which controls 1,200 enterprises, 45 per cent of equipment is out of date but is being replaced at a rate of only 1.5 per cent a year.

The Kremlin is adamant that consumption will go on rising despite the needs of investment in heavy industry and defence, but the amount of new machinery which can be produced for light industry is limited. On the other, the need to offer incentives for higher productivity and better quality goods means that there must be products in the shops on which these increased earnings can be spent.

OVERSEAS NEWS

U.S. offers to increase Tunisia aid

BY OUR NORTH AFRICA CORRESPONDENT

THE U.S. has offered to increase its aid to Tunisia in an effort to improve its links with the country.

Relations between the U.S. and its North African ally have been severely strained in recent weeks in the wake of President Reagan's initial justification of the Israeli raid on the Tunis headquarters of the Palestine Liberation Organisation (PLO).

The increased, but as yet undetailed, aid offer was made by Mr John Whitehead, the U.S. deputy Secretary of State, on a visit to Tunis which ended yesterday. His visit was the culmination of a Mediterranean tour that included visits to Italy and Egypt to explain the U.S. role inforcing down the Egypt Air plane carrying hi-jackers of the Italian cruise liner Achille Lauro.

Mr Whitehead, who made the aid offer in personal talks with Mr Ismael Khelil, the Tunisian Minister for Planning, also said before leaving Tunis that the Israeli bombing "surprised and shocked Americans as much as it did Tunisians."

He deplored the "tragic and unnecessary loss of innocent lives" and reiterated Washington's position that the U.S. was not involved in the raid nor had advance knowledge of it.

The offer will certainly be welcomed by Tunis. U.S. loans and grants will already be worth about $31m (£21.6m) this year, an amount unchanged from 1984 but which contains a larger grant element.

Military credit lines are running at about $65 annually, but this year they include a 50 per cent concessionary element for the first time.

The Tunisians have not used any of the agricultural lines of credit on offer this year because they enjoyed a record crop.

Francis Ghiles reports on World Bank criticism of Tunis policy

Bourguiba's model faces an update

PRESIDENT Habib Bourguiba, Tunisia's autocratic 84-year-old leader, has presided for nearly 30 years over what major lending institutions and Western governments have regarded as a model of Third World economic development.

The model, however, is coming under severe strain as a confidential World Bank report discloses, highlighting a growing current account deficit, rising unemployment and falling oil exports.

The situation arouses particular concern in the U.S., which is anxious to secure long-term stability in Tunisia, a major North African ally which has an important strategic role and takes a moderate stance on Middle East issues.

This week's visit to Tunis by Mr John Whitehead, the U.S. Deputy Secretary of State, therefore went beyond the need to repair the damage to U.S.-Tunisian diplomatic relations in the wake of the Israeli raid there on the Palestine Liberation Organisation's offices and the initial unsympathetic response from President Reagan.

The U.S., observers in Tunis believe, will now play a major role in the country's efforts to carry out far-reaching economic reforms.

In its 45-page report handed to the Tunisian Government last month, the World Bank summarises policy recommendations which, if implemented, would represent a major liberalisation of the economy. The most contentious single proposal is for the devaluation of the Tunisian dinar.

The report highlights the impact of fluctuations in the price of crude oil, which accounts for over a third of export earnings. The post-1974 increases in world oil prices initially stimulated

President Bourguiba . . . repairing relations with the U.S.

the economy but, the Bank points out, also led to large wage increases not matched by productivity gains.

Wage increases also boosted imports of consumer goods and food, which in turn has led to a growing current account deficit.

Contrary to the intention of the current Five Year Plan for 1982-87, investments have remained capital intensive as a result of the preference of businessmen for labour-saving machinery to reduce their vulnerability to labour disputes.

The Union Generale des Travailleurs de Tunisie is powerful and its members were encouraged by the large wage increases granted in 1981 and 1982. However, its relations have soured with the authorities over the past two years. The riots over food prices in January 1984 considerably damaged the prestige of the Government.

The World Bank report states that gains in employment will only be made if those who have a regular job do not seek to improve their standard of living in coming years.

The budget deficit has also been pushed up from 1.7 per cent of gross domestic product (GDP) to 9.8 per cent between 1981 and 1984. The current account deficit, which reached a record Dinars 588m (£526.4m) last year, now amounts to 11 per cent of GDP instead of 7 per cent four years ago, despite an increase in the value of receipts from Tunisian workers abroad.

Servicing the foreign debt, which stands at around $4.2bn (£2.9bn), will absorb 22.5 per cent of export receipts this year and cost 44 per cent more than in 1981.

Major criticism is levelled at the private sector for overinvesting in real estate and building—a subject of considerable conspicuous consumption—but failing to achieve targets set in the Plan where the mechanical and electrical industries are concerned. As for the state sector, it invested too much in housing, water treatment, administrative buildings and downstream industries in the phosphate sector.

What the Bank is suggesting is nothing short of a major reallocation of capital resources, major encouragement for exporters, an increase in the price paid to farmers to stimulate production and cut imports and, most controversial of all, a devaluation of the dinar.

Senior Tunisian civil servants and bankers do not disagree substantially with much of this diagnosis, especially where state companies are concerned. They say, for instance, that trying to convince the Tunisian banks to take a stake in the capital of Tunis Air, as the Government has attempted while refusing to allow them any say in running the operation, simply will not wash.

However, they are not convinced by the devaluation argument, and point out that Tunisia's major exports, such as oil phosphates and fertilisers are not price elastic.

The most important market for Tunisian manufactured goods, the EEC, is very restrictive and analogies with South Korea, which they feel the report implicity takes as a model, are unhelpful because of the sheer size and sophistication of that country's exports. A further point made is that Asian labour accepts working conditions which their Tunisian counterpart simply will not accept.

Civil servants and businessmen do not accept that the country has overinvested in expensive fertiliser industries. They point to the success this sector has had in winning contracts to build plants in Turkey, India and China.

In any case, said one banker, the authors of the report "do not like to see a country like ours competing with Western companies for high value-added contracts."

Nevertheless, the report should help stimulate the economic debate: the present state of affairs cannot continue forever when state companies act as welfare nannies and increasingly make appointments based little on merit, and when the private sector often pockets quick profits without shouldering much of the country's social costs.

Mubarak praised for 'decisive action'

By Tony Walker in Cairo

PRESIDENT Mubarak of Egypt has emerged from the Achille Lauro affair with his reputation inside his own country enhanced and with the commendation of Western officials.

Egypt's leader appears to have turned a difficult and dangerous circumstance to his advantage. Rather than exposing Egyptian weakness, the episode has underlined Egypt's importance as a relatively stable and pro-Western country in a turbulent region.

Mr Mubarak's rebuke to the U.S. in which he described the interception of the Egyptian plane carrying the four hijackers of the Italian cruise liner as "piracy" seems to have struck a chord among Egyptians who were genuinely outraged by the U.S. action.

Few voices in Egypt have been raised against the Government's handling of a potentially explosive incident. While protesters on university campuses have criticised the Mubarak Administration over its pro-Western stance, most anger has been directed against the U.S.

A commentary by Mr Mustapha Sherdy, a member of parliament and editor of El Wafd newspaper of the main opposition grouping, appears to sum up the feelings of many Egyptians.

"When an unexpected dangerous situation occurred, Mubarak was up to it," wrote Mr Sherdy. "He was decisive and definite in his confrontation with the strongest country in the world. He was honest in his statements of blame and rebuke.

Mr Mustapha Amin, a prominent columnist in the mass circulation Al Akhbar and, at times, ascerbic critic of the Government, said that Mr Mubarak had gauged the mood of the country.

Mr Mubarak, whose administration is grappling with a burdensome foreign debt, worsening balance of payments and a worrying increase in inflation, said in an interview with Time magazine at the weekend that reconciliation with the U.S. would take "a long time."

". . . it needs efforts by both sides. We have mutual interests, so both of us must work hard to overcome this obstacle," he said.

Japan's shipbuilding council holds talks on further job cuts

BY YOKO SHIBATA IN TOKYO

TALKS AIMED at agreeing further capacity and job cuts in Japan's shipbuilding industry began yesterday, as latest figures showed a sharp drop in new export orders obtained in September.

But the discussions of the Council for the Rationalisation of Shipping and Shipbuilding, a Japanese Government advisory body, are not expected to result in even short-term recommendations for several months, because companies have differing views on how to achieve the reductions.

The inquiry, held against the background of severe over-capacity in world shipbuilding as new business has tailed off, will centre on four main areas:

- Reduction of operations in individual yards
- Cuts in total building facilities
- Promotion of ship scrapping
- Employment problems resulting from the reduction in the industry.

The industry itself wants capacity cut by nearly 1m compensated gross registered tons (cgrt)—a measurement taking account of work content as well as ship capacity—from the present 4.3m cgrt, and the labour force from just over 60,000 to around 40,000.

Japan, tstill the world's main shipbuilding country ,has faced strong competition from South Korea for several years, with China recently emerging as a force in the industry.

The Japanese industry cut its facilities by around 35 per cent five years ago, when yard capacity proved too large for the smaller demand which followed the 1970s oil crises.

In the last decade, Japanese shipbuilding capacity was expanded considerably.

Highlighting the extent of the crisis, figures from the Japan Ship Exporters' Association showed that new export orders obtained in September were worth only Y10.9bn (£35.9m) compared with Y37bn in the same month of 1984 and Y82.2bn in September.

Over-capacity in the Japanese shipbuilding industry was put at around 20 per cent earlier this year by the Japan Foundation for Shipbuilding Advancement, which is funded by the industry. "No recovery in demand is likely in the near future," it stated.

Liberia to meet IMF in bid to clear arrears

BY PETER BLACKBURN IN MONROVIA

LIBERIA'S Finance Minister is having talks in Washington this week with the International Monetary Fund on ways to clear the country's arrears so as to open the way for a new standby agreement.

The talks, coming before the results of last week's presidential and legislative election results are announced, show the urgency attached by the Government to improving relations with the IMF.

"Now the elections are over we can give priority to the economy," Major G. Alvin Jones, the Foreign Minister, said.

Government arrears with the IMF stood at $22.6m (£15.8m) at the end of September, according to Major Jones. The arrears are expected to double by the end of the year unless more aid is forthcoming.

He explained that the decline in world markets for Liberia's main exports—iron ore, rubber and timber—had led to a sharp drop in revenue.

The Government will soon take steps to cut the civil service to 30,000 from 37,000 in an effort to reduce the public payrolls which absorbs two-thirds of Government revenue, he added.

The Government has found it increasingly difficult to service official debt estimated at nearly $1bn. Debt service of about $180m and representing over 40 per cent of projected export earnings is unlikely to be met this year, Bankers said.

The Government relies heavily on the U.S. economic suport fund (ESF) to service its debt but Congress has made further disbursements conditional on the holding of 'free air fair" elections.

Israel drops bank rate to 4%

By Walter Ellis in Tel Aviv

ISRAEL'S prime bank rate drops today from a spread of 6 to 6.5 per cent a month to a standard 4 per cent.

The Bank of Israel is opposed to lower rates because it fears the country's money supply will rise sharply and threaten the Government's economic austerity programme, which is now into its fourth month.

Many Israeli companies currently face acute financial difficulties, and an easing of credit is likely to act as a life-line to some and an encouragement to others.

The coalition Government endorses the Central Bank's fears over the effects of reduced rates. However, the Government has come under increasing pressure from manufacterers and the hard-pressed self-employed, and Treasury officials are understood to have backed the commercial banks' decision.

Bank Leumi, the biggest commercial bank in Israel, started the trend last week. Now the others have followed suit.

Inflation, meanwhile, continues to show signs of relative improvement.

For the first half of this month, the rise in the consumer price index was 2.5 per cent, giving a cumulative increase for the year so far of around 170 per cent. Last year's cumulative rate was 445 per cent.

Pretoria and Maputo in talks

HIGH-LEVEL contacts between South Africa and Mozambique covering security matters and bi-lateral relations are continuing despite the Mozambican decision last week to withdraw form the formal joint security commission set up under the March 1984 Nkomati accord, writes Anthony Robinson in Johannseburg.

Mr Pik Botha, the South African Foreign Minister and his deputy Mr Ron Miller met Mr Sergio Vieira, the Mozambican Minister of Security and Mr Fernando Honwana, President Samora Machel's security adviser at the frontier town of Komatipoort on Tuesday. Foreign Ministry officials declined to give details of the talks but the yare understood to be aimed at restoring co-operation between the two countries.

Hong Kong airline boosts chances on China routes

BY DAVID DODWELL IN HONG KONG

SIR YUE-KONG PAO and Mr Ronald Chao, two prominent Hong Kong businessmen who hold British passports, yesterday took substantial equity stakes in the Hong Kong Airline, Dragonair, the fledgling carrier bidding to ply a number of routes into China from the British territory.

The investments are part of an injection of HK$200m (£18.6m) of equity capital into the airline.

They are also intended to overcome problems over Dragonair's eligibility to operate as a carrier on scheduled routes from Hong Kong.

Sir Y. K. Pao is to replace Mr K. P. Chao—Mr Ronald Chao's father—as chairman of the airline, with Mr K. P. Chao becoming vice-chairman. Further boardroom changes are expected.

Announcement of the capitalisation came as a team of Dragonair executives prepared to fly to Peking for talks with China's civil aviation authority on how it would operate services between Hong Kong and 10 cities on the mainland. An application for licences to fly the routes is due to be heard in Hong Kong on November 8.

Dragonair's applications to operate charter flights into China have up to now been refused. This has been partly due to Sino-British negotiations now in progress over a new air service agreement.

Flights between Hong Kong and Chinese destinations have been a particularly sensitive issue in these talks, with China's national carrier, CAAC, operating 59 flights a week, compared with five flights by British carriers.

The next round of talks is due to be held in London from November 11.

Dragonair also recently discovered that under existing regulations, it would not be eligible to operate scheduled flights into China unless it was substantially controlled by British nationals. Major investments by Sir Y. K. Pao and Mr Ronald Chao overcome this problem.

Dragonair was set up in March this year as the sole subsidiary of Hong Kong-Macao International Investment, a company backed by influential Hong Kong and mainland Chinese business

Until now, Dragonair has been capitalised at a nominal HK$10,000, with financial backing amounting to HK$500m from its parent.

Under the new plan, Sir Y. K. Pao has made a commitment to buy a minimum of 60m shares in Dragonair at a price of HK$1 per share.

Of this investment HK$50m will be made through his publicly-owned shipping subsidiary East Asia Navigation, with the remainder from one of his private companies.

Mr Chao plans to buy 39m shares in his private capacity. This will give him a 19.5 per cent holding in the company, compared with 30 per cent in Sir Y. K. Pao's hands.

Hong Kong Macao International Investment has agreed to take a 25 per cent stake. Other major shareholders in the parent — including Mr Li Kashing, Mr Henry Fok, and Mr Tony Fung—have options that remain open until the end of October to buy the outstanding 25 per cent of Dragonair. Any shares not taken up will be bought by Sir Y. K. Pao and Mr Chao.

Dragonair at present consists of just one 120-passenger aircraft, which has since June made a weekly round trip to Kota Kinabalu in Sabah, and has otherwise been grounded at Hong Kong's Kaitak Airport.

Controversy has focused on the strong mainland Chinese backing that has emerged for the airline, and the threat this constutes to Cathay Pacific, which is generally seen as Hong Kong's flag carrier and at present has a monopoly of flights by any Hong Kong-incorporated airline to destinations in China.

U.S. chip makers in new attack on Japan

By Louise Kehoe in San Francisco

THE U.S. semiconductor industry has reiterated its trade complaints against Japanese chip makers, claiming that the Japanese defence against accusations that its market is protected from foreign suppliers is invalid.

In a brief filed with Dr Clayton Yeuther, U.S. Trade Representative, the Semiconductor Industry Association (SIA), a trade group representing all major U.S. chip makers, refuted arguments put forth by Japanese industry representatives.

Last month, the Japanese challenged the claims of the SIA trade complaint under Section 301 of U.S. trade laws.

In their complaint, the U.S. semiconductor companies have petitioned President Ronald Reagan to take "appropriate action to achieve fair and equitable market access and to prevent dumping."

Separately, two anti-dumping suits have been filed by U.S. chip makers and a third is understood to be pending.

Japanese claims that the complaint under Section 301 misrepresents the U.S. Japanese trade imbalance by ignoring the role of U.S. nonmerchant manufactures and by including trade in "discrete" semiconductor components — transistors, resistors and the like — are "a gambit to confuse the issue," according to the SIA.

The U.S. Department of Commerce has called the Japanese numbers "misleading and inaccurate," the SIA said.

The Japanese attempt to attribute U.S. companies' low market share to competitive shortcomings and the fundamentally different composition of the Japanese market is inadequate, the SIA goes on.

Drive to boost trade ties with South America

By Our Trade Editor

THE first of a new kind of British export promotion, to the bigger markets of South America, was launched by Mr Paul Channon, Trade Minister, in London yesterday. In its first stage the so-called selective marketing strategy is focusing on organic chemicals and instrumentation.

The promotion is designed systematically to retrieve Britain's fast-declining share of the Latin American market. The UK share of industrialised nations' trade with the continent has declined from 5.7 per cent in 1970 to 2.5 per cent last year.

Mr Channon said the selective marketing approach was South America, but might be adopted for other regions.

Iraq credit line accord signed

NEARLY £200m of trade loans for Iraq to support British exports were signed yesterday by a syndicate led by the Midland Bank, our trade staff writes.

The bulk of the credit line is guaranteed by the UK Government's Export Credits Guarantee Department, under a renewed £300m financial protocol between the two governments.

The arrangement signed yesterday consists of three elements: a £100m medium-term line of credit for the sale of capital goods and services, a £50m short-term line for medical equipment and pharmaceutical products, and a £45m commercial loan guaranteed by the central bank of Iraq.

Brussels resumes U.S. steel negotiations

By Paul Cheeseright in Brussels

THE EUROPEAN Community today resumes its negotiating battle to keep open the trade channels for its steel exports to the U.S.

Negotiators from both sides sit down in Brussels with the aim of defining a new EEC export restraint agreement. The mutually-agreed target for an end to the talks is October 31 and it seems unlikely that many concessions will be made by either side until shortly before them.

For the moment, a wide gulf separates the EEC and the U.S., both on the products which should be covered by a new agreement and how long that new agreement should last.

The European Community side, bolstered by a recent declaration from industry ministers, is taking the view that the U.S. stance involving the extension of existing agreements to cover more products for a period of five years is "unacceptable."

The industry ministers have stressed that a negotiated settlement to the problems of the steel trade "could only be contemplated if at the same time it makes allowance for the fundamental interests of the European iron and steel industry."

On the U.S. side, Reagan Administration officials are working within the framework of the presidential policy to cut the global figure of steel imports down to 18.5 per cent of the total market from the 1984 level of 26.6 per cent.

The U.S. goes into this last round of negotiations, the fourth of the series, with a bid to extend the scope of a 1982 agreement which expires at the end of this year.

That agreement covered 10 products, and, averaged out over those products, gave the EEC a 5.4 per cent share of the market. The U.S. industry wants that share lowered.

Last August, the EEC agreed that a further 11 products would be subject to specific restraints until the end of this year.

The U.S. would like them embraced in a wider agreement that would also include pipes and tubes, special steels and fabricated structurals.

The agreement should also include semi-finished products, the U.S. has suggested, although semi-finished products are not part of the existing pattern of restraints and have apparently been eagerly bought by U.S. steelmakers.

The EEC is trying to fend off a U.S. demand that a new wider agreement should be for five years. It is not prepared to consider, thus far, any agreement longer than three years.

Sales to the U.S. are vital for the EEC industry. They account for some two-thirds of exports, which themselves account for about a quarter of output. As conditions on the domestic and world markets have become tigther, the U.S. sales have assumed greater importance.

Four-wheel drive sales set to rise 40% in Europe

BY JOHN GRIFFITHS

FOUR-WHEEL-DRIVE car sales in Europe are on course to reach a quarter of a million this year—a 40 per cent increase over 1984.

In Switzerland, because of its mountainous terrain and severe winter, four-wheel-drive cars accounted for more than 10 per cent of the new car market in this year's first half—the first time they have broken through the 10 per cent level anywhere in the world, according to statistics from Automotive Industry Data.

AID's figures cover only six European markets: West Germany, France, Italy, the UK, Switzerland and Austria, and thus are likely considerably to understate the total.

Even so, these cars now account for 2.2 per cent of the West European total and AID forecasts in its latest newsletter that "growth rates are bound to strengthen as the autumn months see an increased variety of models hit the showrooms of Europe for the all-important winter selling season."

West Germany has become the largest market in unit terms, with sales during the year's first eight months rising by 48.2 per cent to 46,681 compared with the year-ago period.

AID points out that "Japanese and European car makers have long held the belief that new innovate and real technological advances can do their part in rejuvenating demand levels in Europe, and for that matter in the rest of the developed world."

Crediting Audi — which now offers all its cars in four-wheel drive versions — with starting the trend in Europe, it says that Volkswagen, which is launching a similarly driven Golf hatchback, "seems almost certain to convince the rest of the industry to follow."

Meanwhile, widespread fears that the introduction of stricter EEC legislation to curb exhaust emissions would lead to the demise of the performance car market are proving unfounded, according to AID.

The fears have been based on U.S. experience, where the introduction of exhaust catalysts led to substantially poorer performance, and fuel consumption worsened by 10-15 per cent.

However, AID observes current development of catalyst cars within Europe shows only a small gap in performance and economy (Porsche, in fact, offering catalyst and non-catalyst cars with identical power outputs).

"There is a growing belief that within two to three years the gap will have been bridged."

EEC to be pressed for change in farm trading policies

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Economic Community will be strongly pressed to change its farm trading policies and its attitude on protection of domestic industry in new international trade negotiations next year.

Many countries have signalled that they want priority given to these two issues during discusions among senior officials in Geneva over the past two weeks.

The officials are preparing the ground for a decision to be taken on the new round of trade talks in the General Agreement on Tariffs and Trade (Gatt) at the end of November.

So far, they have not tackled the controversial issue of trade-in-services but countries have been laying out their positions on a wide range of other matters.

Developing countries have underlined that their farm products have been squeezed out of markets by the battle over subsidised exports between the EEC and the U.S.

Brazil and Colombia singled out trade in sguar, in which subsidies to farmers have turned the EEC from a major importer into an exporter with a decisive influence on prices.

The U.S. wants farm products to come under rules similar to those Gatt applies to manufactures.

The EEC has said it is ready to re-examine its protection for community farmers provided any measure agreed forms part of a balanced package covering trade in general.

Other countries should recognise, however, that the Community's common agricultural policy had sought reasonable social objectives.

Brussels has also found itself out of line with most other countries over the issue of safeguards, the temporary measures which Governments may take under Gatt rules to ease adjustments in industries under pressure from imports.

Most countries want safeguard action to follow the Gatt most-favoured-nation principle under which measures have to apply without discrimination to all members.

The EEC insists on its right to operate selective safeguards against individual countries.

Something like a consensus has emerged that a standstill to discriminatory trade practices should be declared before the trade negotiations start.

Differences remain over whether there should be a commitment in advance of the talks to roll back protective measures or whether the rollback should be, as the U.S. proposes, part of the negotiation.

The developing countries have put in strong pleas for real action to allow their exports special treatment.

In contrast, the EEC suggested that developing countries which had made good economic progress should start shouldering normal Gatt obligations.

Austrians poised for Indian dam order

By Patrick Blum in Vienna

AN AUSTRIAN-LED consortium of Austrian and West German companies is poised to win a major order for a hydropower plant and dam in Northern India, according to Universale Hoch und Tie Bau, the Austrian construction company leading the consortium.

After about a year of negotiations with the Indian authorities, and despite strong competition from a French consortium, Universale says it hopes for a decision by the end of November and that it is well placed to win the contract for the Sch 12m (£457m) Dul Hasti project, in Jammu and Kashmir.

Orders worth about Sch4.2bn would go to 13 Austrian companies and of Sch 2.8bn to two West German companies including AEG-Telefunken. Indian groups would be responsible for additional civil work and supplies worth about Sch.5bn.

The Austrian companies include Universale-Bau and Allgemeine Baugesellschaft—A. Porr for construction work, Voest-Alpine, J. M. Voith and Elin-Union for engineering, machinery and electrical equipment.

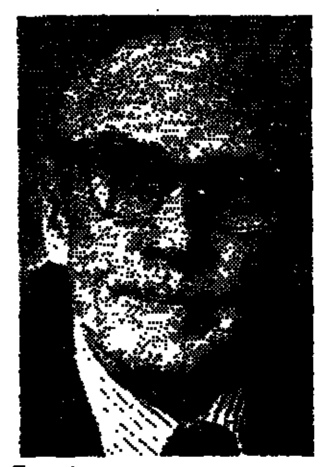
If the Austrian bid is successful, it will be one of the largest contracts awarded to Austrian companies.

AMERICAN NEWS

Congress urged to reject nuclear pact with China

BY NANCY DUNNE IN WASHINGTON

THE PROPOSED U.S. nuclear co-operation agreement with China is running into trouble in the Senate where a prominent senator has charged the Reagan Administration with a "cover-up of vital information" about China's export policies to five "nuclear outlaw nations."



Cranston . . . cover-up claim

Democratic Senator Alan Cranston, former candidate for his party's presidential nomination and a member of the Senate foreign relations committee, said in a speech on the Senate floor that "China has either engaged in serious trade negotiations with or actually has continued a series of nuclear exports with the nuclear outlaw nations of Brazil, Argentina, Pakistan, South Africa and Iran."

He accused the Administration of systematically withholding, suppressing and covering up information which Congress would find worrisome in reviewing the draft agreement signed by President Reagan last year.

Congress has until January to veto the 30-year pact, which would allow U.S. contractors to sell reactor components and other technology to China. If Congress fails to act, the agreement will automatically go into effect.

The Senate foreign relations committee met in secret session early this month and heard intelligence reports suggesting that China might provide nuclear technology to Iran after the U.S. nuclear pact goes into effect, according to yesterday's Washington Post.

Many senators are already upset about Chinese assurances that they do not sell convential arms to Iran, despite U.S. intelligence reports to the contrary.

Senator Cranston said he would work to get Congress to reject the agreement or to propose substantial alterations in the terms under which the U.S. would licence any nuclear export to China.

A spokesman said Senators John Glenn of Ohio and William Cohen of Maine have pledged their support to Senator Cranston.

UAW leader claims Chrysler victory

BY TERRY DODSWORTH IN NEW YORK

THE U.S. car industry has just treated the world to yet another characteristic demonstration of its macho wage bargaining techniques.

For 42 hours, until the deadlock was broken yesterday morning, Chrysler and the United Auto Workers had been locked in a non-stop negotiating session, both sides anxious for an agreement, and neither of them willing to show the first sign of weakness.

Then at 3 am on the second day of these marathon talks, Mr Owen Bieber, president of the union, emerged trumpeting victory. The company, he said, had agreed to give its 70,000 employees full parity with its workers in General Motors and Ford.

Even more, they were all to receive a lump sum payment "in recognition of their contribution to rescuing this corporation from the brink of disaster and returning it to a healthy state."

By the time Mr Bieber made this announcement the physical resources of the teams of negotiators were running thin. The only sleep officials had been able to snatch over the two days was in the odd chair around the building.

Mr Thomas Miner, Chrysler's vice-president of industrial relations, was never allowed to retreat to his bed. Up in the Press room at the company's Highland Park headquarters, someone had appended a notice headed "reporters held hostage —42 hours."

Whether Mr Bieber really won or not is a matter for debate. The company certainly gave him something he wanted very badly with the initial payment, which is said to be around $2,000 per man, and which will go a long way to answering the criticism that the union gave away too much in concessions during Chrysler's financial crisis in 1979-82.

He also achieved commitments on job security, an agreement that the company will put certain limits on buying in components from outside suppliers, and higher pensions.

But by the standards of yesteryear, when the UAW showed consistently how to keep wages ahead of inflation, Mr Bieber's performance scarcely constituted a victory.

The wage increases, giving workers around 2.25 per cent in addition to the lump sum in the first year, an unspecified lump sum in the second, and 3 per cent in the third, look as though they will lag behind price rises rather than lead them. And by agreeing to a three-year deal, the Chrysler workers will not quite achieve parity with the other two car companies since they will continue to negotiate their increases a year ahead.

From Mr Bieber's point of view, however, the symbols of the negotiations were just as important as the details. Slugging it out for 42 hours flat is all part of the process of showing that a trade union leader is a genuine heavyweight.

Last year, during the General Motors talks, when the factories were on strike and there was national pressure to settle in the middle of the presidential election campaign, he sat through a similar bargaining marathon to reach a similarly presentable conclusion.

At Chrysler, where he was in the paradoxical position of having to resign as a director in order to lead the negotiations, the initial signs are that the deal will be endorsed by the 170-member national bargaining council this weekend, and that all Chrysler's U.S. employees will be back next week.

If Mr Bieber achieves that on cue, he will have come through his first full round of negotiations with all the top U.S. car companies in reasonable shape — a fitting moment, perhaps, to take a sound sleep.

Bieber . . . non-stop negotiator

Peasants defect from Peruvian rebel group

By Our Foreign Staff

THE first large-scale defection by sympathisers of the Maoist guerrilla group, Sendero Luminoso (Shining Path) has been reported by the Peruvian High Command. According to a military communique a column of 51 Sendero guerrillas, accompanied by women and children, surrendered unconditionally to security forces in La Mar province in the Ayacuhco region of the southern Andes.

The guerrillas reportedly turned themselves in because of fatigue and the failure of the Sendero leadership to act on promises. Most of the group were former peasants who wished to return to cultivating the land, the communique alleged.

Until now very few defections have been reported from Sendero ranks, the latter always threatening brutal reprisals. None have been on this scale. The announcement coincided with fresh allegations of atrocities committed by the military in the Ayacucho region.

At a news conference in Lima on Tuesday two peasants from the region talked of a massacre when troops arrived in the villages of Bellavista and Umaro on August 27. They claimed 59 people were killed.

If proven this would be the second such atrocity since President Alan García took office at the end of July. The new President has worked hard to force the military to clean up their image and has already sacked the head of the armed forces joint command and two generals in charge of the Ayacucho region, the main base for Sendero operations.

Prices increase 0.2%

BY OUR WASHINGTON STAFF

THE U.S. inflation rate maintained its moderate course in September as consumer prices rose 0.2 per cent on a seasonally adjusted basis according to the Labour Department.

Energy prices and used car prices continued to decline, although food costs, which had been moving down, rose 0.3 per cent.

The cost of housing rose only 0.2 per cent, after increasing 0.5 per cent in August, and the price of medical care rose 0.5 per cent, the same as in the previous two months.

Meanwhile, the Commerce Department reported a sharp 1.1 per cent drop in U.S. factories for durable goods. However, the fall was seen as a positive sign on Wall Street because it came mainly from changes in defence orders, which areusually volatile.

The key category of non-defence capital goods showed a 4.7 per cent increase last month, after rising 3.3 per cent in August.

Canada banks seek loan loss rules change

By Peter Montagnon, Euromarkets Correspondent

CANADIAN banks are seeking a modification of rules covering loan loss provisions to help facilitate an increase in their lending to heavily indebted developing countries.

Mr Geoffrey Styles, senior executive vice-president of Royal Bank of Canada, said yesterday he was hoping for speedy action on the request in the light of the recent U.S. initiative on the debt crisis which calls for banks worldwide to step up their lending by $20bn (£14.3bn) over the next three years.

An impediment to Canadian participation is existing loan loss provision requirements imposed by the Inspector General of Banks. These call for provisions totalling between 10 and 15 per cent of exposure to 32 heavily indebted countries to be in place by the end of October next year.

Mr Styles said the banks would like this requirement softened to exclude trade finance, particularly short-term trade finance

Banks from other countries, including Japan, have begun stepping up their pressure for regulatory modifications since the U.S. initiative was launched.

Baker debt warning to developing nations

BY STEWART FLEMING IN WASHINGTON

MR JAMES BAKER, U.S. Treasury Secretary, warned yesterday that unless developing countries adopt economic policies which stem the flight of capital to foreign financial markets they cannot hope to see new inflows of commercial bank funds.

He also stressed that countries such as Peru, which announce that they are only prepared to partially service their debts, or other countries which repudiate their debt payments, will find themselves cut off not only from private lending but also from trade credits.

In testimony to the Senate Foreign Relations Committee which focused on the new three-part plan ...reasing the debt crisis he proposed at the annual meetings of the World Bank and the International Monetary Fund in Seoul earlier this month, Mr Baker repeatedly emphasised that all parties involved—the borrowing countries, the commercial banks and the multilateral development banks—must participate in the scheme if it is to work.

On Tuesday before the House banking committee, Mr Baker indicated that so far as the three-year $20bn of net new bank lending envisaged by the plan was concerned, he would expect foreign banks to put up some $13bn of the total and U.S. banks about $7bn.

Yesterday, Mr Baker emphasised that the adoption of market-oriented economic policies in developing countries aimed at restoring growth and the confidence of their own citizens to stop exporting capital and repatriate capital which has already fled it vital.

But he drew a sharp distinction between the short-term economic austerity policies which developing countries have been applying and the longer term growth oriented programmes now being suggested.

Commenting on the role of the multi-lateral development banks, and the World Bank in particular, in the new plan, Mr Baker made it clear he has determined to avoid congressional charges that the proposal could amount to a bank bail-out.

He stressed, too, in response to questions from Senator Jesse Helms, an influential conservative on Capitol Hill, that "we are not up her (on Capitol Hill) asking you for money."

He pointed out that only if the proposal works, if the banks lend, if the developing countries adopt the economic reforms which the developed countries believe to be needed and if World Bank lending increases, will the Treasury come to the Congress for new funds for a World Bank capital increase.

Puerto Rico to retain U.S. tax benefits

PUERTO RICAN business and industry are breathing easier after signs that the island will not lose U.S. tax benefits which have attracted mainland companies and created the basis for is development over the past three decades, writes Canute James in Kingston.

The tax credits were threatened by widespread tax reform in Washington, and by what some congressmen said were abuses of the Puerto Rican scheme.

Business leaders in the island say the tax benefits, granted under secton 936 of the U.S. Internal Revenue code, will not be harmed, although the system will be overhauled to end abuses.

The proposal is part of wider tax reforms suggested by the U.S. Treasury which, in the words of the department, would make the tax system "simpler, fairer and more economically efficient."

The code allowed tax free repatriation of earnings by mainland companies operating on the island. This encouraged them to deposit profits in Puerto Rico, and allowed the island's administration to impose limited taxes on repatriated profits.

The Reagan Administration had said the scheme was not generating employment as was intended and was "complicated, expensive and inefficient."

However, elemination of section 936 could bring economic devastation to Puerto Rico. Companies attracted to the island under the tax code account for two-thirds of total manufacturing sector net income of about $5.5bn (£3.9bn). They also provide 45 per cent of all manufacturing employment.

Brazil backs reform

The Brazilian parliament agreed yesterday to empower the next parliament, to be elected in November next year, to rewrite the current constitution imposed by the leaders of a military coup in 1964, Reuter reports.

The main change sought in the present constitution is the introduction of direct voting for future presidents instead of the system of an electoral college imposed by the military.

Weinberger still holds key to army contract

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

RIVALRY BETWEEN British and French companies for a $4bn U.S. Army communications contract has entered a new phase after a re-examination of the contract bids by the office of Mr Caspar Weinberger, the U.S. Defence Secretary.

Britain's hopes that the U.S. Army might be persuaded as a result of the re-examination to opt for the British battlefield communication system known as Ptarmigan, rather than its French rival, appear to have been dashed.

It is understood that despite the conclusions of the new Pentagon analysis, which are believed to have highlighted the advantages of Ptarmigan, the U.S. Army has again said that it would prefer to buy the Rita system – short for Reseau Integré des Transmissions Automatiques – from France.

The army's refusal to change its mind appears to put the final decision about which of the consortia – both led by U.S. companies – should be awarded the contract firmly back in the lap of Mr Weinberger himself, although the possibility remains, British officials believe, that the Defence Secretary will order a rebid.

The U.S. contract is believed to be the largest single military deal ever opened to foreign competition. Intensive lobbying on behalf of the two consortia – the U.S. Rockwell company leading Plessey and other British companies, and GTE with Thomson CSF and others from France – has taken place at the highest level, including a much publicised letter two months ago from Mrs Margaret Thatcher, the British Prime Minister, to President Reagan.

Mrs Thatcher's intervention led to the re-examination of the two bids in early September. The U.S. Army had recommended buying the French system, mainly on the grounds that it was cheaper, at the end of August.

Mr Michael Heseltine, the Defence Secretary has also played an active role in keeping the British bid alive. While British officials insist that Ptarmigan is the more modern, more secure and flexible system, they are thought to feel that Rockwell and Plessey have been less adept than GTE-Thomson at selling their product, both to the U.S. Army and to the political constituencies that matter within the U.S. Congress.

Rockwell and Plessey are at present involved in a last ditch effort to persuade key Republican senators and congressmen of the economic advantages of manufacturing Ptarmigan in the mainly Republican areas of Texas and California: GTE would apparently build a new factory to manufacture Rita in Massachusetts, a Democratic stronghold.

The $4bn contract would supply 25 divisions of the U.S. Army with mobile battlefield communications. More than 70 per cent of each bid would involve U.S. manufacture. There is no U.S.-produced system comparable to the European ones.

Both Rita and Ptarmigan claim to offer enormous improvements on tactical communications, being fully mobile, more secure, capable and resistant to damage than their predecessors. Ptarmigan has been in service with the first division of the British army in Germany since the spring, while the French and Belgian armies have fielded Rita for two years.

SCAFFOLDING GROUP RECEIVES SECOND OFFER IN TWO WEEKS

BET joins bid battle for SGB

BY DAVID GOODHART

THE BOARD of SGB Group, one of the leading British scaffolding companies, yesterday rejected the second attempt to buy into the company in two weeks when BET, the international services group launched a full takeover bid and undermined an unusual tender offer for 25 per cent of the company from C. H. Beazer, the fast-growing house-building group.

The all-paper offer of three BET shares for every four SGB valued the scaffolding company at £168.4m and each share at 253.5p last night – far outstripping the Beazer offer of about 215p per SGB share (with a cash alternative of 195.5p).

Beazer had been hoping to acquire 25 per cent of SGB to add to its existing stake of 4.9 per cent, but when the tender offer closed yesterday afternoon, it was clear that news of the fresh offer had destroyed Beazer's chances of reaching the 12 per cent it needed to continue the bid.

BET, which has been looking at SGB for 18 months, started buying heavily on Tuesday afternoon and this morning announced it had picked up 6.2 per cent of the company while presenting the terms of its bid.

BET approached SGB at the end of last week seeking to play a "white knight" role, but their advances were rejected as firmly as those of Beazer's earlier in the month.

The board of SGB said yesterday that the BET offer provided conclusive proof that the Beazer tender offer failed to ascribe a proper value to the company.

It added: "The current offer from BET, like the Beazer tender offer which preceded it, grossly undervalues both the company's prospects for growth and the benefits of the positive management actions already taken."

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Tandon to launch personal computer

BY JASON CRISP

TANDON, the world's largest supplier of personal computer disk drives, is going into competition with its main customers by launching a range of low-priced personal computers in the UK and West Germany.

The troubled Californian company claims its prices are 40 per cent less than the equivalent models from IBM and are also cheaper than those from other IBM compatible suppliers such as Compaq and Olivetti. If the European venture is successful the company may also launch the computers in the U.S.

Tandon has been facing growing problems as the price of disk drives in personal computers have been falling faster than the market has grown. Last year the company laid off 1,000 workers representing half its staff and in August this year made 131 people redundant.

The company recently reported a $50m loss for the first nine months of the financial year to June 28, compared with $30m profits in the same period last year. Sales in the third quarter dropped to $62m compared with $106m in the same period in 1984.

Tandon supplies IBM and many of the other leading personal computer companies. For the last year it has been supplying IBM compatible computers for other companies to sell under their own brand names, including Radio Shack Tandy.

The new European venture is being run by Mr Chuck Peddle, one of the best-known figures in the personal computer industry. He developed the highly successful PET and VIC-20 computers for Commodore before founding Victor Technologies which had a meteoric growth rate before getting into serious difficulties.

A new company, Tandon Computer Corporation, has been set with the marketing rights of the products outside the U.S. It is being financed by Tandon which is not thought to own a significant proportion of the equity. The shares are mainly held by Mr Peddle, who is president, and a small team which also worked with him at Victor and Commodore.

The new Tandon range, which compares with the IBM PC, XT and AT personal computers, will be shown at two trade shows in the UK and West Germany where the company will try to recruit dealers. It hopes that the low price and better margin will differentiate it from all the other companies fighting for shelf space with their IBM personal computer clones.

The new operation is understood to have about £5m initial finance to set up the European distribution and market the new products. Mr Peddle says it can offer its low prices – and a better margin for dealers – because of its position making disc drives.

Howe urges both sides in S. Africa to reject violence

BY IVOR OWEN

SIR GEOFFREY HOWE, the Foreign and Commonwealth Secretary, last night appealed to the Botha regime in South Africa and the blacks resisting its apartheid policies to renounce violence so that they can enter into a constructive dialogue.

In a House of Commons debate he stressed that a suspension of the "law enforcement techniques" of the South African Government must accompany a declaration by the African National Congress, the banned anti-apartheid organisation, suspending violence if such a dialogue was to have any hope of success.

An opposition attempt to censure the Government over the sanction issue and accusing it of having isolated Britain in the Commonwealth, the EEC and the United Nations was defeated by 108 votes (302 to 194).

Sir Geoffrey rejected charges by Mr Denis Healey, Labour's shadow Foreign Secretary, that through the stand taken by Mrs Margaret Thatcher, the Prime Minister, against the imposition of economic sanctions on South Africa, at the Commonwealth Conference in Bermuda, she had become Mr Botha's "only apologist" and had isolated Britain.

To government cheers, Sir Geoffrey said the courage, vision and "steady perseverance" shown by Mrs Thatcher in Bermuda had enabled the Commonwealth to stand united.

The limited measures which had been agreed – leaving British exporters free to exercise their commercial judgement in trade with South Africa – had given the clearest possible signal to the Government in Pretoria of the need for rapid change.

Sir Geoffrey emphasised that the action agreed in Bermuda did not amount to an ultimatum and reaffirmed that Britain was not among the Commonwealth countries committed to considering further action if adequate progress was not achieved in the next six months.

Mr Neil Kinnock, the Labour leader, pressed Sir Geoffrey to hold direct talks with the leaders of the African National Congress in London or some other agreed location instead of appealing to them from the House of Commons to agree to suspend violence.

Sir Geoffrey replied: "We do not engage in contacts with organisations of that kind which are actually engaging in violence at this moment."

Insisting that Britain was not in a position to tell South Africa to "co-operate or else," he said, "their capacity to choose 'or else' is all too clear."

Kodak workers bid for European talks

TRADE UNIONISTS from the British subsidiary of Eastman Kodak, the U.S.-based photographic products group, are travelling to Paris today in a renewed attempt to arrange a meeting between unions from Kodak's European plants and Kodak's European management.

Unions have been rebuffed for two years in their attempts to get such a meeting. Kodak says each national subsidiary consults with its unions and staff, and that the European grouping of unions, known as the European Conference of Kodak Workers, is not a "bona fide organisation."

Trade unionists from Britain, France, Italy and Belgium are expected to take part in the Paris meeting. The unions in Kodak's West German subsidiary have refused to attend.

The Paris meeting is likely to decide to write again to Kodak's European general manager, who is based in Britain, requesting a meeting.

The British white collar union, ASTMS, one of the main unions in Kodak, says a European-level meeting is necessary because Kodak has been restructuring Europe-wide and has preferred the U.S. to Europe for its most technologically advanced investments.

Kodak's British subsidiary said yesterday that its slimming process is largely over and that it has substantial research and development capability in Britain.

□ A SINGLE regulatory body overseeing City of London securities markets would be accepted by the Government, Mr Leon Brittan, Trade and Industry Secretary, told the House of Commons.

Mr Brittan said he was "aware of the strong body of opinion" in the City which wanted one supervisory body but he was awaiting the views of the securities and investment board and the marketing of investments board organising committee. "If a single board is recommended I would certainly have no objection to it," he said.

Sir Anthony Grant (Conservative) expressed concern about the implications of changes in the City for the law of agency to avoid conflicts of interest. Mr Brittan said he was examining the point but had not yet reached any conclusions.

Later, Mr Geoffrey Pattie, a minister at the trade department, said that decisions on whether companies should ballot their shareholders before making donations for political purposes were up to company directors to determine in the light of circumstances.

□ TALKS on the future of North Sea oil production and its relation to the wider efforts of oil producers to stabilise prices were held in London between Mr Peter Walker, Energy Secretary, and Dr Subroto, the chairman of the Organisation of Petroleum Exporting Countries (Opec). After the meeting, Dr Subroto, the Indonesian Oil Minister, said he believed oil prices would be reasonably firm in the medium term.

He expected demand to pick up, partly for seasonal reasons, while on the supply side there was little pressure from new discoveries. Afterwards Dr Subroto said one of the objects was for "players in the oil game" to get to know one another's points of view. The indications were that neither side expected any specific agreement to come out of the talks.

□ VIRGIN Atlantic, the low-fare transatlantic scheduled airline which links Gatwick with Newark, New Jersey, is seeking a new cheap stand-by fare of £99 single on the route from November 1 for a limited period.

This would compare with its existing cheapest "late saver" rate of £129 single, and the normal economy single rate of £149. The aim of the stand-by rate would be to stimulate traffic in a period when loads are lower at the start of the winter, before the Christmas rush.

□ AN EXTRA 100,000 passengers have flown between Amsterdam and the UK since the signing last year of an agreement for more liberal air services between the Netherlands and the UK, Mr Karel Noordzy, the managing director for marketing for Amsterdam airport said. About 2m passengers flew between the two countries last year. The UK is the biggest single market, for air services from Amsterdam.

□ CHILDREN should be required to study technology as part of their compulsory schooling, a report by the state educational inspectorate says.

The report, based on the inspectors' visits to 58 secondary schools, says that all of them appreciated the importance of helping girls and boys to understand the importance of technology, but only three had explicit policies for teaching the subject.

□ GRANVILLE & CO, a London investment bank and securities dealer, has announced plans to raise between £10m and £50m to invest in management buy-outs and other development capital situations.

It is the third management buy-out fund to be launched this week. It follows a £72m fund announced by the merchant bank J. Henry Schroder Wagg and a £100m vehicle unveiled by Citicorp.

□ SIXTEEN Tory MPs voted against the Government in the House of Commons and several others abstained in a protest against the provision of additional financial resources for the EEC. The European Communities (Finance) Bill was given a third reading by a majority of 117. The Bill now goes to the House of Lords.

□ MR IAN WALKER, who last month was appointed chairman of BP Oil, has died in a London Hospital after a brief illness. Mr Walker, who was 58, joined BP Oil a deputy managing director in 1976 and became its chief executive in 1981.

□ ALCOA Manufacturing (GB), a subsidiary of Aluminum Co. of America, has taken out an option to buy B.W.P. (Architectural), a West Midlands maker of windows and entrance and patio doors.

UK NEWS

REPORT SHOWS MIDLANDS INDUSTRIALISTS TO BE MOST PESSIMISTIC ON GROWTH

Manufacturers' gloom confirmed

BY PHILIP STEVENS AND NICK GARNETT

A SHARP *deterioration in confidence* among British manufacturing companies was underlined yesterday in a series of reports from regional chambers of commerce, with industrialists in Manchester, and the East Midlands particularly gloomy.

The Association of British Chambers of Commerce said its latest business survey showed a significant slackening in the pace of export orders during the third quarter of this year, largely in response to the high value of the pound.

The results, based on returns from nine chambers, re-inforced the message of last week's House of Lords Select Committee report which argued for a much more positive *government approach* to manufacturing industry, the association said.

The Government's decision to reject the report was "rash and unwise."

The findings also echo recent warnings from the Confederation of British Industry, Britain's employers' organisation, that the appreciation in sterling's value by about 14 per cent since the beginning of the year is seriously damaging the UK's competitiveness.

Manchester Chamber of Commerce said its survey was the most gloomy for two years, showing a worsening in the performance of manufacturing companies in both and export markets.

Mr Neville Scott, the chamber's economic director, called the figures, blamed on a higher exchange rate and shortages of demand, "appalling."

"It is probably getting back to the drastic years of 1979-81. The confidence of companies has declined. We expected that this would happen but it is worse than we expected," he added.

The association said companies in eight of the regions covered by its survey were more pessimistic about the outlook for exports during the three months to September.

In three regions – the West Midlands, Greater Manchester and Merseyside – most companies reported lower export orders. Among the others fewer said orders had increased.

Even in the relatively prosperous London and the South East the balance of companies reporting higher orders fell from 30 per cent in the second quarter to 11 per cent in the latest three months.

The balance represents the number of respondents indicating improved business minus those saying orders had declined.

The association said the findings for actual sales in the third quarter were even more gloomy, with a dramatic turnaround in the hitherto bouyant East Midlands region.

The Merseyside Chamber of Commerce reported a static rather than declining trend in orders.

Further job cuts at STC

BY GUY DE JONQUIERES

STC, THE troubled telecommunications and computer company, plans to shed a further 260 jobs and sell its central London office building as part of a cost-cutting drive.

About 135 of the planned job cuts are in corporate headquarters staff, currently totalling 300, and 125 at the headquarters of the company's components division in Harlow, Essex, which is being replaced by a small management executive.

No compulsory redundancies are planned before the end of January. The rest of the 255 components headquarters staff will be moved to jobs in the division's manufacturing units.

STC employs almost 47,000 people. So far this year, it has cut or announced plans to cut almost 4,000 staff. About 900 of the job losses were announced since Sir Kenneth Corfield resigned as STC's chairman and chief executive in early August.

The company, which reported an £8.7m attributable loss in the six months to June 30, is next month due to complete an extensive internal review, which is expected to lead to further cost reductions.

STC's components division has been hard hit by the collapse in the world market since late last year. The company has sold two UK components plants this year and plans to close a third, at Newton Aycliffe, County Durham.

Lloyd's to face fresh tax fight

By John Moore, City Correspondent

HUNDREDS of members of Lloyd's, the London insurance community, face a new battle with the Inland Revenue over disputed tax liabilities.

The unexpected development emerged this week after a settlement last week by Lloyd's with the Inland Revenue which appeared to resolve the market's long-running dispute with the British tax authorities.

In last week's deal, Lloyd's agreed to pay to the Revenue £42.5m from its general funds to cover past tax liabilities which underwriters had not disclosed to the Revenue. Lloyd's said that the settlement "covers every member of the society," with the exception of about 25 members. In all more than 26,000 members of Lloyd's were affected by the settlement as the payment is to be met from funds contributed by their annual subscriptions to Lloyd's.

The tax liability had been incurred by the operation of a *number of controversial insurance arrangements within the Lloyd's market* called "rollover" policies, which are *now to be terminated*.

In the last few days, however, it has become clear that a range of other insurance contracts, which carry huge past tax liabilities, are now outside the scope of the settlement. These are called "quota share" insurances. They are a form of insurance in which underwriters lay off large parts of their risks with other insurers.

The Revenue is concerned that in a number of cases the operation of these policies *may* have been *operated* to benefit individual working *underwriters in the Lloyd's market*. Underwriting members whose *affairs were formerly managed by the* troubled Richard Beckett *Underwriting Agency*, where *it has* been alleged that more than £40m of *funds belonging to 1,525 underwriting* members by former agency *executives could* be *excluded from* the latest settlement with the Inland Revenue.

The Revenue is concerned about *the extent to which former managers* of the Beckett agency may have *diverted the funds* to companies which they owned offshore in *secret and which* were *not* declared for tax purposes. It is understood to be *taking the view that*, if funds have been improperly diverted in the *course of insurance business*, then those funds cannot be offset against tax.

Other members of Lloyd's, whose affairs have been *managed by* agencies where similar allegations have been *made, may also be outside* the scope of the settlement with the Inland Revenue.

Government to pay Ulster gas consumers

By Our Belfast Correspondent

THE GOVERNMENT yesterday published proposals to compensate Northern Ireland gas consumers who are being forced to switch to alternative fuels because of the closure of the province's gas industry.

The scheme will cost the Government £20m and it follows a final rejection of appeals from the industry for government aid to pipe natural gas from the Irish Republic.

Dr Rhodes Boyson, the Minister of State responsible for industry in Ulster, told a delegation from Belfast City Council, the largest producer of town gas, that the Government would not become involved with proposals to investigate further rescue plans for the industry.

The compensation proposals will help consumers *who have to replace* cooking appliances. Those who own cookers *which* can be converted to liquefied petroleum gas will receive a grant of between £90 and £180.

If cookers cannot be converted a replacement grant of £180 to £220 will be paid.

Mr Dixie Gilmore, chairman of the Belfast Council Gas Committee said Dr Boyson insisted there was no more public money, but said the Government had no objection to private investment in the industry.

Porsche glides into high-tech home

By John Griffiths

THE BLACK granite floor of the atrium appears to float, for it is surrounded on three sides by water from a cascade among the potted palms. The lighting is subdued. It is a *lush setting* for receptions and is intended for use as such. The indoor *heated staff swimming* pool and tennis courts will be completed next year.

The description applies not to a new hotel development, but Porsche Cars Great Britain's new import centre and headquarters alongside the M4 motorway at Calcot, near Reading, 45 miles west of London. The HQ is being opened today by Prince Michael of Kent and has cost the UK importer £11m. It provides Porsche Cars Great Britain with a potential capacity to handle 6,000 cars a year, nearly double the present level of 3,500 a year.

Mr John Aldington, the company's managing director who holds 40 per cent of the company's equity (its ultimate holding company is Porsche itself), says the building is the "hi-tech" architectural equivalent of a Porsche car. The atrium roof is a claimed 'world first' – a translucent structure of solar reflective double glazed panels on a lightweight steel spaceframe. The building requires no heat or cooling for eight months of the year.

The building is a good indicator of just how profitable a business the importing of Porsche cars to the UK has become. The entire development has been financed out of retained profits, according to Mr Aldington.

"Margins aren't what they used to be four or five years ago," he says. The gross margin has dropped from 13 to 10 per cent, but Porsche Cars still managed to achieve pre-tax profits of £4.864m on sales of £43.85m its last reported accounting period, to July last year. This was nearly £200,000 higher than in the previous year, although turnover fell by more than £8m (reflecting supply shortages caused by the West German metal workers strike).

Despite the investment in the headquarters, first decided on in March 1983, the directors felt able to pay a dividend limited to *26.25p per share, the same as in* 1983, worth £210,000 to Mr Aldington. *The highest-paid* director, almost certainly Mr *Aldington*, received £70,392.

The headquarters is being opened in a year *during* which Porsche itself is expected to build in excess *of 50,000* cars for the first time in its history. Last year it produced *44,000*. It has been investing heavily to boost production and has introduced several new models during this autumn.

The company, however, is cautious about forecasting further significant sales gains in the UK – despite setting new records almost every year since the late 1970s. Under the latest model restructuring, the cheapest 924 model which used an Audi-based engine is replaced by a new version, the 924 S, which uses Porsche's own 2.5 litre engine and which at a base price of £15,000 is about £3,000 more expensive than the 'old' model.

"The 924 was the bedrock of the business," says Mr Aldington. "It was an entry-level car which was affordable – if you could afford a Granada you could afford a 924." The moving of the base model 'up-market' in effect "has cut two rungs off the bottom of the ladder," he said.

Mr Aldington says Porsche Cars GB can cope adequately with the recently enhanced competitiveness of Jaguar and other up-market rivals, but he acknowledges that Japanese manufacturers are "a worry in the background." Whereas the 924 in the UK outsold all Japanese sports car opposition combined, it was now likely that companies such as Toyota, with its MR2 and *Mazda*, which is launching an all-new RX7 model, would "sweep up" much of the sector previously *occupied by the 924*.

Porsche, however, clearly expects *expansion to continue*. *It has* added a further 33 staff in *moving from its old headquarters*, also on the outskirts of Reading, *bringing* the total to 157. This represents a 400 per cent increase *on the numbers employed* on the company's first move to Reading eight years ago, when it was selling only 800 cars a year.

One of the principal pressures for the latest move was to secure increased warehousing space. Porsche's 28 dealers now cater to a UK Porsche population which has grown to 27,000 cars, and the turnover in parts business has increased by a multiple of 14 during the past eight years. At £8m it now exceeds the total turnover, including car sales, of 1978.

UK NEWS

Pit union moderates to see cash report

By Raymond Hughes, Law Courts Correspondent

MODERATE MINERS in South Wales seeking the removal of Mr Arthur Scargill as president of the National Union of Mineworkers (NUM) are to be allowed to make use of a confidential report prepared by the union's receiver, Mr Michael Arnold.

The report deals with movements of NUM funds transferred abroad at the start of the year-long miners' strike in March last year. Fourteen South Wales miners led by Mr Ieuan Thomas were given leave by Mr Justice Mervyn Davies in the High Court yesterday to see the report and associated documents.

The judge said that, before getting the report, the 14 would have to undertake not to disclose it to anyone other than their solicitors and to use it only for the purposes of their action.

The 14 are claiming that Mr Scargill should be removed from office for alleged breach of contract. The claim is based on the court ruling in the action brought against the NUM by two anti-strike Yorkshire area miners that the NUM's rules constitute a contract between the union and its members.

Their writ also claims damages for an alleged conspiracy to assault and/or intimidate them and/or inducing breaches of their employment contracts during the strike.

Philip Bassett writes: Mr Norman Willis, general secretary of the Trades Union Congress (TUC) yesterday made clear for the first time in public that the TUC would not accept the breakaway Union of Democratic Miners (UDM) into affiliation.

The TUC general council said after discussing the vote by Nottinghamshire and other miners to leave the NUM that its "long-standing policy" was "that it cannot accept into affiliation breakaway bodies from existing affiliates."

Mr Willis confirmed that this principle would apply in the UDM's case. However, in forthcoming talks with the NUM, the TUC would try to see whether it could play any part in trying to re-establish unity.

Government to share sea survey knowledge

BY MAURICE SAMUELSON

BRITISH GOVERNMENT scientists, who claim a world lead in surveying the deepest parts of the ocean, are to share their technology with the private sector in a move being heralded as the start of a new international industry.

Under an agreement signed yesterday, Marconi Underwater Systems, a subsidiary of General Electric Company, is to build the highly successful Gloria surveying system developed over the past 20 years by Britain's Institute of Oceanographic Sciences.

The system, which maps the seabed with sound waves from an instrument towed behind a ship, produces pictures with a clarity similar to that of high altitude aerial photographs.

It helps to identify the location and extent of mineral resources, including oil and gas. It can also help to plan routes for international cables and sites for offshore structures.

Under a six-year contract with the U.S. Geological Survey, it is mapping the coastal waters of the U.S. to a distance of 200 miles, the extent of the Exclusive Economic Zone unilaterally declared by President Ronald Reagan two years ago.

Dr Anthony Laughton, the institute's director, said the U.S. Government was "raving" about the results so far. With similar zones being declared in other parts of the world, "there is a tremendous market for reconnaissance surveys." Estimates for the system had been requested by several other countries with long coast-lines.

Gloria (Geological Long Range Inclined Asdic) was two years ahead of competing systems. Other institute officials said similiar surveying business in other parts of the world could be worth up to £200m.

The contract with the U.S., which also covers the waters round its Pacific possessions, is worth £20m. Last year, it took only 95 days to map the zone along the U.S. West Coast and this year it is mapping the Atlantic coast, beginning with the Gulf of Mexico.

Until now the Gloria systems have been built by the IOS at its laboratories at Wormely, Surrey, near London. Under the agreement with the IOS's umbrella body, the National Environment Research Council (NERC), Gloria will be built by Marconi.

The service will be marketed world-wide, operated by J. Marr & Son, a chartering company in Hull, north-east England, with many years' experience of Gloria operations.

Marconi expects an initial turnover of £5m a year, to be shared with NERC.

Gloria is a long-range side-scan sonar, mounted on a torpedo-shaped device towed from a ship. It emits sound beams at right-angles to the towing ship's track, from which it forms pictures of up to 40 miles' width of the seabed. At top speeds of eight knots, it can cover about 7,000 sq miles (18000 sq kms) in a working day.

In its three-month survey of 250,000 sq miles of the U.S. western seaboard last year, Gloria discovered more than 100 previously unknown underwater mountains.

Many are thought to be rich in manganese, containing a high content of cobalt and other elements.

The U.S. declared its Exclusive Economic Zone after opting out of the UN's discussions on a new legal framework for mining the resources of international waters as part of the draft Law of the Sea.

The final draft, concluded in 1982, recognised that sovereign states had a right to exclusive zones within which they could exploit minerals.

It proposed setting up an international seabed authority to regulate mining rights outside these areas. Signatories would have to pool their mining technology in the international zones.

The final draft was to become law once 60 countries had ratified it. However, the U.S. recoiled from the idea of sharing its technology.

West Germany and the UK have also refused to sign the draft, although the UK's position is less rigid than that of the U.S.

By unilaterally claiming the exclusive zone in April 1983, President Reagan began a process which, when followed by other nations, will comprise 35 per cent of the world's oceans, or more than 40 per cent when one adds national claims to extended continental shelves.

This is an important shift in the world's territorial claims. In 1958, the Convention on Continental Shelves gave countries the right to exploit their coastal waters to a depth of 200 metres. But it added the increasingly important proviso: "... or depths which can be exploited."

It is this which lies behind the intensified interest in seabed mining and is creating the market into which Gloria, under its new joint management, is about to plunge.

Tjaereborg cuts holiday prices

BY ARTHUR SANDLES

TJAEREBORG, the Danish-owned direct-sales tour operator, has cut prices, guaranteed all holidays and promised no surcharges in its attempt to raise its UK summer market share.

Tjaereborg, headed in Denmark by Pastor Eilaf Krogager, otherwise known as the Flying Priest, says prices in its 1986 brochure undercut similar offers from the market leader Thomson Holidays by 5 to 7 per cent and Intasun, the industry's No. 2 by about 8 per cent on average.

These figures suggest, however, that Tjaereborg, which cuts out travel agents by dealing with the public direct, has lost some of its previously claimed 14 per cent price advantage over the traditional companies.

Ms Sonja Kjaergaard, managing director in the UK, said yesterday: "At the time when the travel industry big boys are crowing about their wonderfully low prices, Tjaereborg has been carefully undercutting them all.

"We are determined that this year will see Tjaereborg take a great deal of business away from them, pushing our client figure substantially higher."

The company is claimed to be the second largest direct selling tour operation in the UK market. The biggest is the Thomson Travel subsidiary Portland

There is considerable trade speculation that Thomson itself is about to announce another tour programme.

The impact—at home and abroad—of populism

By Robert Graham, Latin America Editor, recently in Lima

WITH THE arrogance and energy of youth, President Alan Garcia has taken Peru by storm. Since assuming office at the end of July, the 36-year-old president has also lost no time in walking on to the international stage, in particular with blunt declarations about Third World debt. Few leaders have made such a big impact in such a short time in recent years.

Unusually for a politician, Sr Garcia has consistently matched words with action. It has almost become a habit now that policy is announced in a speech and an official decree is published the next day implementing it. Seemingly unafraid of opposition, he has confronted head on all the taboo topics of Peruvian politics which his predecessor Fernando Belaunde ignored: military privilege, the drug business, civil service corruption, police incompetence and security service torture.

By imposing such a bold imprint of leadership on government, he has silenced potential critics and established a groundswell of goodwill which in turn has helped transform the psyche of a profoundly demoralised country, weighed down by the problems of violence, poverty and external debt.

Like a man obstinately shaking an apple tree, he has managed to convince his fellow countrymen that the rotten fruit will fall. "There is a Messianic quality to him; he is a man with a mission," says the well known Peruvian novelist, Sr Mario Vargas Llosa. Labels stick uneasily to Sr Garcia's mix of nationalism, socialism and radical catholic liberation theology ideals. His aims go beyond ideology. He wants to make government work and to work for what he constantly refers to as "the large majorities of the population."

In effect, Sr Garcia is setting out to deal with the problems of Peru's development and its lack of political stability. He wants to alter the dramatic imbalance between the capital, Lima, and the rest of the country—a top-heavy urban society that cannot support itself yet is continually attracting more and more people. He wants to break the traditional centralism of government, one of the principal barriers to improving rural development. He is out to curb the influence of the military both in their call on the national budget and in their role in society. He believes enormous resources can be saved through fighting corruption and he is determined to end the drugs trade which may damage the economy but will strengthen the body politic. Finally he wants to involve people more in politics so that political parties do not represent just an elite.

The interest generated by Sr Garcia's advent goes well beyond the purely Peruvian context because he is trying to solve structural problems and alter psychological attitudes which are general in Latin America and much of the Third World.

Until now, military governments or Marxist-inspired revolutions have played the leading role in seeking to transform Latin American society. The exception was the late President Salvador Allende in Chile in the early 1970s. But Sr Garcia through his Apra Party (Popular American Revolutionary Alliance) has unchallenged control of Congress, unlike Allende.

The same passion that drives him to shake up Peru has pushed him into the international arena. Close colleagues say he sees himself very much as a non-aligned leader picking up the mantle of Nehru, Nasser and Tito; using non-alignment to balance out the inequalities in the North/South dialogue.

The best guide to Sr Garcia's thinking was his speech to the UN last month, which included such phrases as "Peru has decided to govern its economy, not be governed by it" and "Debt is a conflict between the impoverished southern part of the American continent and the industrialised, moneyed and imperialist north." It is in this context that he is opposed to accepting solutions imposed by the International Monetary Fund and wants to limit payments of Peru's \$14bn foreign debt to 10 per cent of annual exports.

President Garcia faces an uphill task in either transforming Peruvian society or rewriting the international financial system. Cynics feel he has already created too many potential enemies. Nevertheless, he has proved that he possesses the indefinable charisma of leadership.

Whether walking round bakeries to sample new low-priced bread at 6 in the morning or shaking hands with generals bedecked in medals, President Garcia cuts a striking figure. Heavily built and 6ft 4in he towers above most of his fellow countrymen. He has a finely tuned understanding for the popular gesture. When he turned against the drug Mafia, a cocaine laboratory found in Lima was handed over to become an orphanage. It is no coincidence that his closest adviser in the presidential palace, Sr Ugo Otero, has a public relations background.

In impromptu speeches, often delivered from the balcony of his palace in the heart of old Lima, President Garcia likes simple images. Peru, he says, is a car that has broken down. The passengers have to get out and push. Working until all hours of the morning, usually on three hours of sleep, he has set a punishing example. "He sets a tremendous pace. I do not know how we can go on like this," says Sr Leonel Figueroa, deputy Finance Minister and a key member of the economic team.

President Garcia relies greatly on the direct phone call and Lima abounds with stories of ministers being pulled from their beds, receptions and even an aeroplane to answer the presidential summons. He has surrounded himself with people of his own age, many French-educated like him; and they have the enthusiasm of 1968.

With a destabilising inflation of nearly 300 per cent inherited from the Belaunde administration, the first priority has been in the economic field. Almost immediately President Garcia introduced an austerity package that included a 12 per cent devaluation of the sole against the dollar, sharp rises in utility and gasoline prices followed by a generalised across the board 90-day price freeze. This plan owed much to advice from Argentina. But Sr Garcia has differed in his refusal to be tied by debt obligations. Budget spending for the remainder of the year and through 1986 is based on a limitation in debt service payments.

> The President says Peru is a car that has broken down. The passengers must get out to push

In public Sr Garcia has said repeatedly this will be limited to 10 per cent of Peru's exports, this year projected at \$3.3bn. Interest payments due this year total \$1.7bn with a further \$2.4bn accumulated from 1984. However, \$310m has already been paid out in the first six months of the year and a further \$180m is expected for the second half, according to Sr Figueroa, the chief negotiator with the 260 creditor commercial banks. Short-term commercial credit is being repaid and Sr Figueroa says the 10 per cent limitation applies only to medium and long-term debt.

Sr Garcia insists the whole basis of Latin American debt should be reconsidered and in the meantime, unilaterally, he is using the resources due to be handed over to the banks to consolidate democracy. Without these funds, denied to the banks, Peru would have no resources to reactivate the economy and so ease the serious social problems caused by poverty and near 30 per cent unemployment, Sr Garcia argues. Reserves have now accumulated to over \$1bn.

The first steps towards a modest reactivation were taken at the start of this month, after the authorities saw inflation drop below 3.5 per cent in September. Interest rates have been cut, import restrictions raised and both employers and employees have been given some fiscal breaks. Given Peru's export dependence upon petroleum and mineral products which account for over 80 per cent of the total, Sr Garcia's economic team felt they could not rely on an international recovery to stimulate demand. They admit the risk of inflation building up again but feel there is no viable alternative.

The need to generate employment is evident on even the most superficial journey round Lima. Its pavements are cluttered with street sellers offering every conceivable item and fashionable suburbs are rudely interrupted by illegal shacks on vacant ground. Some 10,000 people took over one such plot on July 28, the day of Sr Garcia's inauguration. At the beginning of this month he gave the order for their removal, a bloody action which led to at least one squatter's death.

That was followed by the forcible search of a Lima prison which housed members of the fanatical Maoist guerrilla group, Sendero Luminoso (Shining Path). The search resulted in a pitched battle between the inmates and the security forces in which 32 prisoners died in circumstances still under investigation. The government chief prosecutor maintained that Sendero Luminoso had deliberately caused their deaths by refusing to let them leave a burning building. Left-wing parties accused the government of not being able to control the security forces.

These two events have demonstrated President Garcia's willingness to be tough on law and order at the expense of his popular image. But he and his Cabinet have been taken aback by the bad publicity caused by the way the security forces handled them. "Alan has lost his political virginity," said one leading political commentator.

Until now President Garcia's targets have had popular appeal. He has, for instance, won widespread support for courageously dismissing senior military officials identified with brutality and human rights abuses in the area of the southern Andes round Ayacucho where Sendero Luminoso is most active; the public have been delighted to see more than 130 senior policemen dismissed on suspicions of corruption and in a crackdown on drugs. So far the Government has destroyed over 82 tons of cocaine in 60 days with a street value in the U.S. of \$5.6bn.

President Garcia also enjoys civilian backing for cutting military influence, including the defence budget. The decision to reduce the controversial order for 27 Mirage fighters from France has provoked no outcry even though Peru has traditionally enjoyed tense relations with its neighbours, Chile and Ecuador.

According to the opinion polls, President Garcia has the confidence of over 90 per cent of the electorate. Thus he has considerable space for himself within which to move. However, there are many pitfalls ahead. The military do not like being cut down to size, and while they are aware of President Garcia's popular mandate they can make life difficult for him. For instance, President Garcia's efforts to stamp out human rights abuses have led to a sort of go-slow among the military in those areas fighting the guerrilla group, Sendera Luminoso. Rather than risk public odium for killing civilians (there was an alleged massacre of 63 in August), the military have confined themselves to barracks in effect saying: "Well, you tell us how we fight a brutal, pitiless band of terrorists."

Not all of Sr Garcia's populism is very practical. He is trying to streamline the civil service and public sector but has imposed an earnings limit equivalent to \$1,000 per month. This has led to a steady drain of top people whom the administration can ill afford to lose. In the case of the large state-run banks the drain is especially serious.

Sr Garcia is also given to impulsive gestures. His decision to rescind the operating contracts of Occidental Petroleum, Belco and Occidental-Bridas on August 28 was apparently taken without the knowledge of the Energy Ministry. The oil companies knew the Government was unhappy about the tax credits in existing contracts; but they have been very hostile to what they allege was a suggestion of forthcoming nationalisation from the President during a provincial rally.

Peru needs the oil companies. The national oil concern, Petroperu, lacks the resources to sustain the kind of exploration programme that will ensure the existing level of reserves holds steady through the next decade. The question of financial resources for oil development becomes even more important if Peru's relations with the international financial community turn sour.

President Garcia has been told in blunt terms by the U.S. Administration, by the IMF and by the commercial banks that he is going about the debt issue in a way they see as counter-productive. "Antagonism and unilateral declaration is not a way to negotiate," said one Western diplomat in Lima. The same message was given to the Peruvian team in Seoul at the IMF annual meeting.

It seems that Sr Garcia overestimated the support he could drum up from his fellow Latin American leaders for his proposal to limit debt service to 10 per cent of exports. He also misjudged the mood in Washington.

Somewhat naively, President Garcia appears to have felt he could mollify the U.S. by being tough on drugs and by attacking the Cuban leader, Dr Fidel Castro, at the UN. However, Mr George Schultz, the U.S. Secretary of State, at his first meeting with President Garcia last month, is said to have more or less told him that he was an arrogant young man.

Since then, there are signs that President Garcia has realised the need to be more pragmatic and not to alienate the U.S., which absorbs over 40 per cent of Peruvian exports. A month ago, withdrawal from the IMF was virtually inevitable, according to President Garcia. At the Seoul IMF meeting this was reduced to a threat and the limitation of debt service is now being phrased more as a temporary emergency measure than an ideological act in the North/South confrontation.

There are also signs of greater pragmatism towards the oil companies. A satisfactory renegotiation of the contracts would go some way to soothing the Reagan Administration's fears about the direction of Sr Garcia's Government. And limiting U.S. antagonism will certainly give him a freer hand at home.

TECHNOLOGY

EDITED BY ALAN CANE

Engineers go into medical diagnosis

Ideas used in videodisc making particle physics and biochemistry have been united in a new aid to diagnosis, reports Peter Marsh

BRITISH engineers have borrowed ideas from biochemistry, videodisc technology and particle physics to come up with an ingenious way to diagnose medical ailments.

The technique is based on registering the reactions between antigens—proteins produced by disease organisms—and antibodies, which are part of the body's defence mechanism.

When a metal strip with an antibody fastened to one side is illuminated, changes in the surface caused by the antibody-antigen bonding are indicated by an arcane physical effect in which electrons bob up and down like waves in the sea. This so-called plasmon effect can be observed by a simple optical technique.

The strips themselves behave as diffraction gratings, devices that split up light into different wavelengths. They are made by depositing gold or a similar metal onto pieces of plastic. The surfaces of the plastic pieces contain a series of microscopic undulations, similar to those on a videodisc, to give the thin metal surface coating the correct optical properties.

This novel diagnostic technique is under study at PA Technology, a contract research and development organisation based in Melbourn, near Royston. The company, which has laboratories in four countries and annual sales of £50m, is hired mainly by large corporations to work on technical problems.

PA Technology is developing the diagnostic method on behalf of an unnamed international health-care company. Dr John North, one of the engineers working on the project, says that products based on the technique could be on sale in two years. The metal-coated plastic strips would cost about 15p while the simple spectroscopes needed to analyse whether antigen-antibody binding had occurred could be sold for about £100.

Dr North says the technique would be cheap and simple enough for doctors to use in their surgeries. The physicians would have to buy a supply of strips and a spectroscope.

The strips would change characteristics — depending on whether on antigen was present in a sample such as blood — within about five minutes, giving patients an instant indication of certain health problems. According to Dr North, the technique would be best suited to diagnosis of sexually transmitted diseases such as gonorrhoea.

PA Technology's method is a variation on standard immunoassay techniques which are coming to be widely used in medical diagnosis. All these methods exploit the mechanism by which a specific antibody binds selectively to an antigen with which it is uniquely "paired."

A biochemist first makes a supply of the correct type of antibodies. Providing the scientist can find a way to denote that pairing has occurred, he can then spot whether the antigen is present in a sample.

In conventional immunoassays, the presence of the antibody-antigen coupling is indicated by attaching a radioactive or fluorescent label or a chemical that changes colour in an enzyme reaction.

Many of these methods require careful addition of reagents or the use of sophisticated instruments. As a result, the tests often have to be administered by specialist laboratory staff rather than ordinary doctors or nurses.

In the PA technique, the metal-lined strip is first coated with antibodies and then brought into contact with a sample thought to contain a specific antigen. The presence of the antigen-antibody link is indicated by the degree to which the surface exhibits the plasmon effect.

In this phenomenon, light of a particular wavelength shone at a specific angle causes electrons bound to topmost layers of atoms in a metal to leave the surface. They do so by an almost immeasurable distance—a matter of a few ten-millionths of a metre.

In physical terms, the electrons can be thought of as jumping up and down like excited jellybeans. They give rise to a particular kind of electromagnetic particle called a plasmon.

When white light, which contains all wavelengths in the visible range, is shone at a metal surface exhibiting this effect, the energy of the light particles (photons) at specific wavelengths is consumed in setting loose the plasmons. The rest of the light is reflected in the normal way.

The effect can thus be spotted by the absence of light of a particular wavelength in the reflected radiation. The light waves leaving the surface are split by the latter's behaviour as a diffraction grating.

This can be brought about by producing a series of tiny peaks and troughs in the metal — each trough only a few ten-billionths of a metre deep. The metal is deposited onto plastic whose surface already features the undulations. The plastic has to be accurately moulded using machines similar to those which produce the tiny series of cavities in the surfaces of videodiscs.

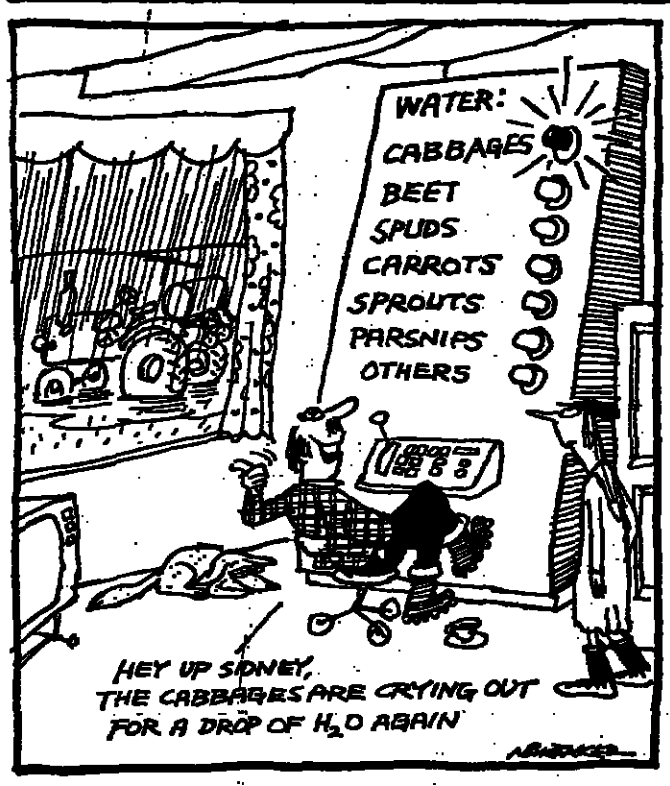
The plasmon effect shows up as a black or grey line in the spectrographic signature (set of wavelengths) of the reflected light as recorded by a simple device called a spectroscope.

In the PA method, the exact nature of the plasmon effect varies according to the physical characteristics of the surface of the metal. Depending on whether the antibody-antigen coupling is present, the black or grey lines will occur at different parts of the electromagnetic spectrum.

Thus by looking out for these lines, the spectroscope can record whether the antigen was present in the original sample.

Dr John North of PA Technology.

Cracking the case of the low-yielding cabbage patch



WORKERS AT the National Vegetable Research Station at Wellesbourne in Warwickshire have devised a machine which makes it possible to tell exactly when a field of crops needs water.

The station's work on the project began when the Agricultural and Food Research Council asked it to investigate why crop yields varied from one field to another and even from one part of a field to the next.

The result of years of research by Mr Terry McBurney and Dr Peter Costigan of the NVRS's specialist soil department is a device called a water-cooled stem psychrometer, which is on show this week at the Farm Electronics '85 exhibition at the National Agricultural Centre, Stoneleigh.

Behind the machine's development lies the belief that plants which do not give the best possible yield may be suffering from water stress. They cannot, it seems, extract enough water from the soil for optimum growth. Soil structures can vary markedly within small areas and one soil structure may not have the same water retention properties as another, even though they are physically close together.

The NVRS innovation means researchers now have a tool to help investigate more fully the exact relationship between water stress and crop yield.

In the long term, Mr McBurney and Dr Costigan foresee the possibility of a completely automated irrigation system tailored to a specific crop in a particular field. Says Mr McBurney: "If you ally the sensor to a microcomputer, you have a powerful system for controlling irrigation.

"If a plant is wilting, it is too late: some damage has already been done. The problem is knowing when to irrigate when you can't rely on visual signals.

"The best methods available at the moment use meteorological data to keep a balance sheet of evaporation versus rainfall and calculate the optimum concentration of water."

The problem with this method, say the researchers, is that it gives information about the amount of water in the soil, not the amount the plant is taking up; and even in a climate as wet as Britain's, plants may experience some stress.

What was needed was a device which could measure the rate at which water evaporated from a plant's surface in the field. There were sensors available, but they could function only in laboratory conditions and did not give continuous readings—essential in such research because plants' water stress changes by the minute.

At the heart of both the older sensors and the refined version which Dr Costigan and Mr McBurney developed is a tiny chamber in which the moisture given off to the atmosphere by a plant can be measured.

The psychrometer registers this humidity by detecting the point at which moisture in the chamber's atmosphere condenses, thus giving a measure of the water stress in the plant.

To overcome the limitations of the psychrometers which had been used for earlier research, the NVRS team attached the device to a plant stem rather than a leaf to obtain a truer reflection of water stress. They also had to get round the problem that the slightest temperature gradient between the plant and the measuring equipment produced unreliable readings.

"We reasoned that if we could construct a jacket round the psychrometer which kept the temperature even, we could reduce the temperature gradient and perhaps take the device into the field," said Mr McBurney.

What emerged from their efforts was the water cooled stem psychrometer, a device which has won backing from the British Technology Group. An application to patent the psychrometer has been filed and the research team now has plans to refine its machine.

"We've verified that it works," says Mr McBurney, "and now we think the technique can be made much easier to operate. We aim to eliminate the temperature gradient by electronic means and to do this, we have designed and are constructing a special psychrometer with the aim of making it acceptable to the commercial market."

So far, the NVRS researchers believe they have identified three potential markets for their device: researchers like themselves all round the world; agricultural advisers who can adapt the equipment to their own climatic circumstances; and progressive farmers who see the relevance of precise information about water demand to more complex judgments about administering nutrients or pesticides to their crops.

Others they think might well find a use for it include workers in the food processing industry, who might use it to investigate how some foods deteriorate because of moisture, and civil engineers, who could use the device to check the water content of soil at construction sites.

Institute to begin three projects

SHIRLEY INSTITUTE is to undertake three research projects in biotechnology with support from the Government's Support for Innovation Scheme.

The first involves the production of fine mats or webs of fibres from microfungal mycelium; the second aims to exploit the potential for novel microbial pigments in textile coloration and to develop microbiologically-derived surfactants for textile processing and other end uses. The last is a collaborative venture with the University of Nottingham to evaluate the potential for the commercial cultivation of tropical mushrooms in the UK on cellulosic waste material.

The three projects, together with a fourth concerned with low-energy fabric preparation process, will absorb £545,000 of the funds available over the next two years to the institute's biotechnology group.

More information from Dr Brian Sagar, Shirley Institute, Didsbury, Manchester.

Joint research on space robots

THE Culham and Harwell research laboratories, both run by the UK Atomic Energy Authority, have joined forces with British Aerospace to work on a new generation of automated handling equipment for work in space.

The mechanisms under study encompass both true robots, which work independently, and "hybrid" robots where humans control the machines for some of the time. In the second type of hardware, a person might tell the mechanism to move into a certain area of a space station, leaving the device's innate intelligence to work out what to do once in position.

CORPORATE EARNINGS

Singapore sees a downwards trend

BY CHRIS SHERWELL IN SINGAPORE

A STRING of poor results from Singapore companies during recent months has caused investment analysts to revise down corporate earnings forecasts for 1985 and 1986.

Although the severity of the results reflects the island state's worst economic performance in two decades, the trend also emphasises a decline which began as far back as 1982.

As a consequence fears are growing about the longer-term profitability of Singapore's private sector, which is already being squeezed by a powerful state sector and the increasingly dominant multinationals.

Inevitably, prospects for the Singapore stock market have become uncertain. The last major peak for the widely-watched *Straits Times index*, which covers 30 Singapore and Malaysian companies, was in February 1984. By July this year it had hit a 30-month low, and the market is still languishing.

Analysts say both the Singapore and Kuala Lumpur exchanges are furthest off their high points of all the major markets, and they maintain that the rally being officially nurtured in neighbouring Malaysia has little real substance behind it.

In Singapore, where the outlook has been far more gloomy, the market is at last reckoned to have discounted much of the bad news — of which there has been plenty.

"After this latest round of results," says one analyst "there is not one company I have not adjusted downwards." Earnings for 1985, he says, are likely to be down by 12 per cent to 15 per cent on 1984. Others suggest it could be more.

The declining trend is highlighted by the banks — the country's biggest and most powerful businesses — which are involved in all sectors of Singapore's weakened economy and which have all reported falls in net profits.

Of the Big Four local banks, the worst hit was United Overseas Bank because of a provision for the collapse of Overseas Trust Bank in Hong Kong. Analysts say the others — DBS Bank, Overseas Union Bank and Oversea-Chinese Banking Corporation (OCBC) — seem likely to transfer less of their gains than usual, if any, to hidden reserves this year.

Three inter-related sectors—property, hotels and retailers—are also having a bad year. In property, United Overseas Land reported severe losses for the second half-year in succession while Singapore Land, the largest developer, is expected to show a further profits fall in the current half.

The problem facing hotels is a substantial increase in available rooms this year and even more so in 1986, when the massive Raffles City and Marina Square developments add five new hotels to the present total. At that point too, new retailers will also join the market. Both sectors foresee no dramatic rise in tourist arrivals, an important source of business.

Among existing hotels, few are reporting profits falls of less than 50 per cent, and several smaller groups—the owners of hotels like the Hilton, Century Park Sheraton, Oberoi and Apollo, for example—have plunged into loss on their operations.

Retailers face similar woes. C. K. Tang has reported an attributable loss, as has Metro Holdings after provisions. Robinsons has reported its second year of operating losses after a 25 per cent fall in turnover, while other big names, both public and private—like Cold Storage, Isetan, Yaohan and Emporium—are all feeling the pinch.

Ironically, perhaps the most severely depressed sector of the economy—the marine industry—is dominated by the state. Keppel Shipyard and its subsidiaries, Far East Levingston Shipyard and Straits Steamship, are Singapore's biggest lossmakers, and cost the government S$118m (U.S. $55m) in fiscal year 1984.

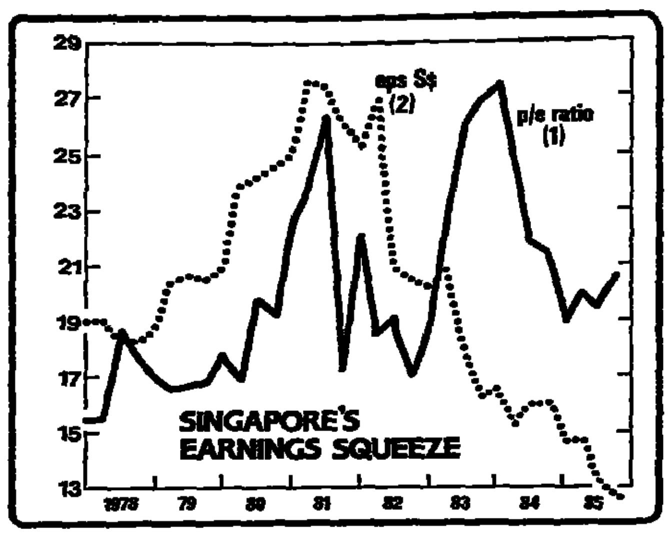
Another depressed sector is construction, which has seen a dramatic fall in awards of both public and private sector contracts. Many small private companies are complaining, and Lim Kah Ngam, a stock market newcomer, reported a drop in earnings. But another relative newcomer, Lum Chang, showed an improvement, helped along by three important metro projects.

Even companies which are part of the super-conservative OCBC stable look less comfortable than usual. Straits Trading suffered a 78 per cent fall in attributable profits in the six months to June, while United Engineers' attributable losses slumped 11 times to S$4.8m in the same period.

The powerful media conglomerate Singapore Press Holdings, which operates the country's major newspapers, is also going through a period of austerity. It has already closed the Singapore Monitor evening paper and put up all its cover prices, and it is suffering a sharp fall in advertising revenue.

For local and foreign investors, therefore, there is little that is encouraging. Moreover the mood is soured by the collapse of such privately-held companies as Chop Hoo Thye, Lamipak and Active Construction.

Some analysts argue that even now the shares in most publicly-quoted Singapore companies are too expensive. Considering companies in the OCBC, for example, which includes 55 Singapore and Malaysian stocks, the price/earnings ratio at current levels of 19 to 21 is still historically high.



Source: Lyall & Evatt, Singapore

(1) Price/earnings ratio of companies in OCBC index, based on issued capital at end of quarter.
(2) Earnings per share, based on net attributable profits of all companies in OCBC index.

MOTOR INDUSTRY

W. German luxury car maker gears up for the UK market

BY JOHN GRIFFITHS

BITTER, the specialist West German luxury car maker, is embarking on an expansion programme to increase production of its vehicles from about 300 a year to an envisaged 2,000 a year by the late 1980s.

A fund-raising company, Bitter Corporation, has been created which will inject $20m into additional production facilities and a new sports car. This move preceeds by a few months, the introduction of Bitter cars into the UK market for the first time.

The cars have been produced by Bitter KG, the privately-owned manufacturing company, since 1972, with about 70 per cent of production sold into the U.S. market. Prices range from DM 140,000 ($53,000) to DM 200,000.

Shares representing 45 per cent of Bitter Corporation, the new holding company, have been placed with securities markets in Europe and the U.S.

Mr Erich Bitter, the company's founder and chairman said, during a visit to London for the car's launch, that a production rate of 1,000 a year is envisaged for 1987, with eventual capacity of 2,000 cars a year.

As part of the expansion, Bitter is developing a new sports car, intended to compete in the DM 55,000 price sector.

Bitter uses floor pans from the Opel Senator range and Opel engines, transmissions and suspension parts—though much modified. The three-litre engine of the Senator, for example, is rebuilt by hand and enlarged to 3.9 litres.

Sales in the UK began this month through International Concessionaires, of Chesterfield. UK prices, including taxes, range from £38,970 for a two-door sports saloon, through £43,970 for a four-door limousine, to £57,970 for a two-door cabriolet model. All the models offer leather-trimmed luxury at speeds up to 140 mph.

Mr Richard Lamb, a former director of Saab (GB) who is managing director of International Concessionaries, said the Bitter is targetted "at the driver who's had four or five Mercedes, a Porsche 928S or an Aston Martin and who now wants something different." International Concessionaires is a privately-owned group with retail motor trade interests including Saab, Toyota and Honda dealerships.

Mr Lamb said he envisaged a UK market "ceiling" for the exisiting range of about 250 cars a year, which is roughly equivalent to the anual output of UK manufacturer, Aston Martin.

However, Mr Lamb said he envisaged potential sales of 400-750 units a year for the cheaper sports model

The Bitter SC Coupé provides leather-trimmed luxury at speeds of up to 140 mph.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6½% Sinking Fund Debentures due June 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on December 1, 1985 at the principal amount thereof $556,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers *Ending in the Following Two Digits:*

32 41 47 68 94

Also Debentures of U.S. $1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

6583 6983 7683 7883 7983 8483 8583 8883 8983 9083

On December 1, 1985, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) *and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail* to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due December 1, 1985, should be detached and collected in the usual manner.

From and after December 1, 1985, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

October 24, 1985

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

M5508 5512 9852 16412 19834 24852

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

THIS WEEK a new advertising campaign breaks on British television. Nothing startling in that. Except this commercial—for the newly merged Alliance + Leicester Building Society—sets out to be startling. In a genre traditionally featuring smiling faces, happy families and brimming money boxes, the stars of this campaign are symbols—brilliant light, giant shadows, passbooks and a plus sign.

Elsewhere on our screens, that Minder favourite, George Cole, is wooing us in his cocky streetwise way to sink our savings into Leeds Permanent Liquid Gold accounts.

Standing at the teller's desk in an aside to camera, Cole chirrups "They've got this new account here, by the name of Liquid Gold. I know it sounds more like a lager, but listen, son, and you'll be sold . . . " The agency is Abbott Mead Vickers.

The first principle of good advertising is to stand out from the crowd and this becomes ever more necessary in the current cut-throat business of fighting for the nation's savings. For building societies, which most consumers see as much of a muchness, the jockeying for position among themselves and against their major rivals, the clearing banks, has honed their advertising and marketing skills dramatically in the last 10 years.

Their need to be noticed has made them a stalwart of the UK advertising industry; they allocated a total of £60m in 1984, according to Media Expenditure by Analysis (MEAL), which makes them the sixth largest spending sector. Principal spenders are the Halifax, which advertises to the tune of £11m, Abbey National with £9m, Nationwide and Leeds each with £7m, Woolwich at £6m and Anglia and Bradford and Bingley both at £5m, according to MEAL's moving annual totals.

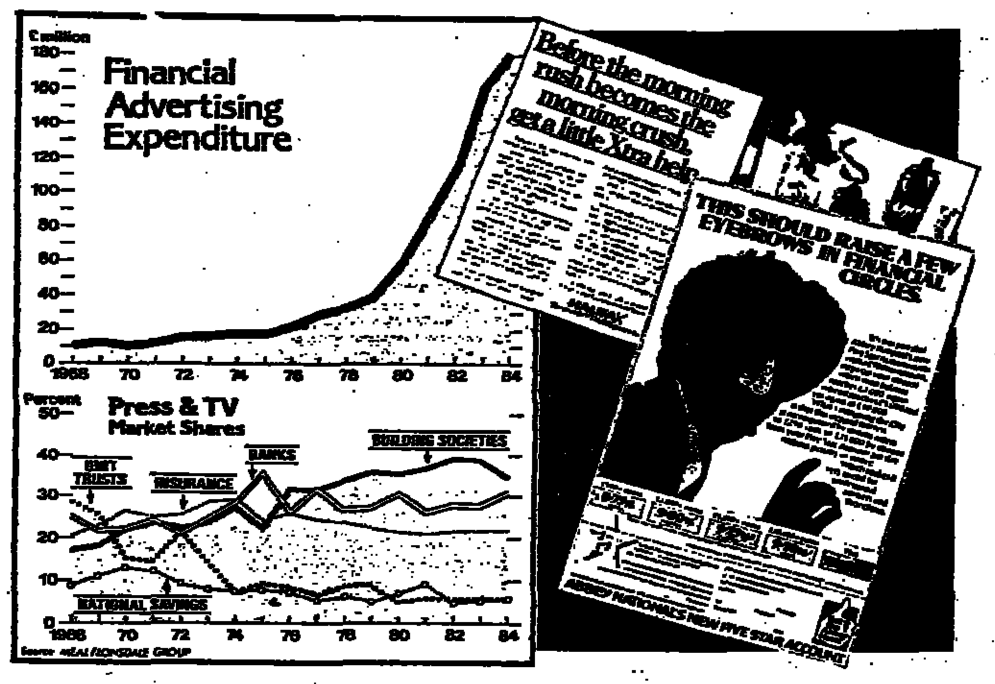
A look at building society advertising in recent years reflects a changing financial market-place. Once their messages were all about the straightforward generic service, investment. Those were the days of the Honest Joe image, when societies were seen as friendly, approachable and eminently personable. The slogans summed this up: Mr Bradford and Mr Bingley, I'm with the Woolwich, Get a little Extra help, Get the Abbey habit.

Basically they were selling their names in the days when their product range was very limited. But come the late 1970s when there was an explosion of financial options for the investor and advertising shifted its emphasis to specific products. Societies concentrated on leapfrogging each other with their high interest accounts in what became the battle for the percentage signs. A commodity market was born and me-too marketing became the game plan. That remains true but there's now a more determined move to communicate a society's brand image, something the marketeers of fast moving consumer goods have been practising for years.

Building societies

Quest for an image

BY FEONA McEWAN



Building societies now top financial ad spending and stress their diversity of products

Tom Vaughan, vice chairman of the Lonsdale Group, which has handled the Abbey National account for more than 60 years, notes: "All the societies face the same dilemma in their advertising, whether it will be the society's name that becomes the brand, or, like Unilever, its products.

Now with their deregulation in prospect, as outlined in the Government's Green Paper on building societies, societies seem likely to be granted the option of using up to 10 per cent of their assets for financial services other than property loans.

"Until now building societies have been peas in a pod," says Robin Wight, of Wight Collins Rutherford Scott, which held the Leicester account before the merger. The effect of deregulation will be to allow greater choice of services, he says. They might decide, for instance, to go into lending, or into the estate agency business, or into financial broking services or simply to stay in the classic property mould.

Wight argues that when all markets deregulate, "the long-term winners will be those with long-term branding properties.

"As the boundaries between financial institutions change, societies are seeking to identify the commanding heights of the new financial landscape, but no one wants to make the first move in case it's the wrong one."

Some of the most persistent advertisers have branding devices already in place. The "Xtra" of the Halifax, now eight years old, has proved so effective that it has been integrated into other marketing areas with accounts like the Halifax Instant Xtra, says the agency, Brunnings.

"Get The Abbey Habit" and the thumbs-up sign, now 11 years old, has proved a useful link for both hard and soft sell ads of corporate and product advertising. The new plus sign for the Alliance + Leicester, (which was designed by the Michael Peters group) ties in with the society's various Plus accounts (these premium interim accounts come with their own service and discount cards, or "differentiators," as marketeers call them).

After monitoring the market for more than 30 years, Lonsdale's Tom Vaughan reckons there's not a lot that's new in the press advertising of building societies, though on television, being a newer medium, there is plenty of innovation. One of the more distinctive campaigns was the Alliance's rolling captions of the early 1980s, stark white lettering against a black background. It was cheap, effective and different. The message was "making your money make more money" which was based on the fact that the banks' overheads were more than double those of building societies'. As well as appealing to the Alliance's existing investors, the campaign aimed at a younger audience with its innovative execution.

Effectiveness of advertising in such a mercurial market place, especially with detailed press ads, is tricky to gauge, though obviously ads featuring off-the-page coupons or the launch of a new produce are more measurable. "I can't think of another product where it can be out of date in minutes . . . ," says Vaughan.

Consumer awareness is a popular yardstick of effectiveness. Although the two biggest spenders, the Halifax and the Abbey National, consistently top the polls, perceptions of smaller societies with, say, half the spend, also come out strongly. The Woolwich, for instance, is the third most well known society according to Gallup research but fifth in spend. Bradford and Bingley is interesting too. Though only sixth in spending levels, it is third in terms of public awareness.

Television has traditionally been used for thematic messages, the corporate image and more recently for announcing new product initiatives (Halifax's Automatic Teller Machines or Leeds Liquid Gold accounts) with press used for specific detailed messages. According to Libby Child, the account director for Woolwich at Ogilvy and Mather, consumers respond more favourably to ads with a product mention, "or else they think you're not offering a very good deal."

Future marketing initiatives among societies, in Wight's view, in what he calls the bid "to get into the pay packet first," will be selling products to the existing customers through direct marketing. "This way they can lock people in by cross-selling and build up a loyal customer base."

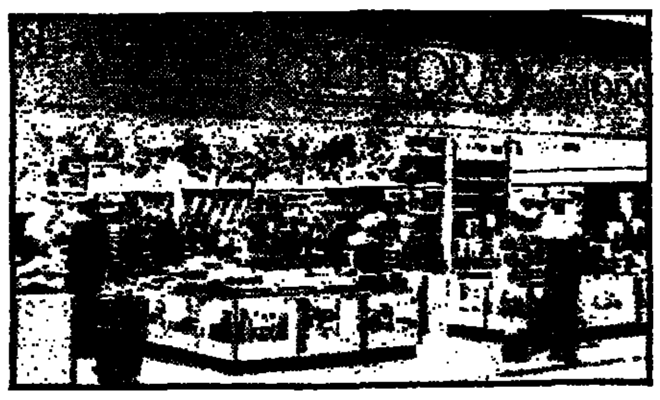
Building societies have been showing increasing interest along with other financial services in direct marketing in recent years. Brian Thomas, managing director of O&M Direct, notes that in the past 12 months there has been an escalating interest from building societies and other financial institutions in direct marketing where once it was mainly from consumer product companies.

"Growing competition from banks, insurance companies and even government savings schemes," he points out, "means the database route (ie using existing customer lists) for spreading the word about new products, for instance, is an obvious and ready way to expand their business."

Originally customer lists were purely accounts related. More and more companies are compiling them with a more defined marketing profile of each customer, says Thomas.

On the scent of Boots in France

BY LISA WOOD



Boots' Sephora chain is due to have 30 outlets by next year

A FRENCH parfumerie is perhaps the last place that one would expect to find a display of Boots own label beauty products. Whereas the British chemist and retailer is noted for a supermarket approach to selling, French parfumeries—generally small family businesses — stress personal attention.

Yet Boots is carving quite a niche in the French retailing scene with its Sephora beauty chain.

Sephora, with 17 outlets, is now France's largest beauty products chain in a toiletteries market where 70 per cent of sales of the leading cosmetics and fragrancies brands go through small independent parfumeries. In contrast department stores and French pharmacies each command a 9 per cent share.

While Boots will not make any claims about its market share it appears confident of taking a sizeable slice of the business and hints that it may export the name, Sephora of Paris, to other European markets.

The first Sephora shop was oened by Nouvelle Galerie, the French department store group in 1973. Boots, looking to expand its activities overseas, took a 70 per cent stake in the business in 1976. Norman Brown, Sephora's Francophile managing director, says there were differences of opinion between the French, who ran the business on a day-to-day basis, and Boots' senior executives who jetted over every two weeks. Boots finally bought the business in 1979 with Norman Brown heading an all French team.

Brown was given two years to turn the then loss-making business round or else the prestige outlet, on Paris's chic rue de Plassy, was to be closed and another site chosen. He threw out the banks of exotic flowers that had greeted the shopper and introduced techniques based on the experience of Britain's biggest chemists' chain.

"We were initially accused of the 'sell 'em cheap and pile 'em high' mentality," says Brown. "Instead of products being individually displayed rather grandly on the counter we displayed them in such a way that they could be picked up and examined by the customer."

Sephora outlets, with their marble floors and chic decor, now fill the gap between the general department store perfumery and the more intimate independent outlet. There is not just perfume and cosmetics but also general toiletries such as toothpaste and shampoo as well as a few fashion items such as bags and lingerie.

While all the leading brands are available on the shelves priority is given to those goods that provide what marketing men call "added value." So, while an exclusive anti-dandruff shampoo at Fr 135 gets pride of place, Head and Shoulders, the leader of this particular shampoo market is more discreetly displayed. "We aim to get a much higher profit margin than in Boots outlets in England," says Brown.

A few own label Boots products are on display but the intention is not to create French outlets for the English retailers' products. "We don't want to implant Boots stores in France," says Brown. "We are going for a much more international appeal. In fact, we could have made the stores more French."

The first store broke even in the first year. Two more opened in 1981 with the outlet in Forum Les Halles being cited by the company as one of the three success stories of the new shopping centre. More stores were then opened outside Paris; the current 17 include outlets in Marseilles, Nancy and Brest. Three more new openings are planned for 1985 with a target of 30 by next year.

Whereas turnover in 1983 was FFr 68m (£5.9m) it is forecast to exceed FFr 200m (£17.4m) this financial year. Investment to date has exceeded FFr 170m (£14.8m) and with a net positive cash flow this year Sephora expects to make a profit in the next financial year. "The priority has been to invest in the market," says Francois Nuzzo, Sephora's finance director. "There is a lot of competition and it is quite a race."

Brown has also sought to introduce new management techniques among his 330 full-time employees. After management control of Sephora was taken over by Boots, Brown introduced systems he had been working on in England. These included quality circles and making individual store employees responsible for a brand or section of merchandise rather than the traditional department store style of management. In contrast, stocktaking, filling counters and sales are strongly demarcated.

The chain has no central warehousing and each individual manager is responsible for direct purchasing within certain guidelines. It is a system that Brown believes encourages managers to adjust to their individual catchment areas. All the managers bar two are women.

Undoubtedly Brown's own personality has played a part in the success of the chain. A quietly - spoken man who admits he spoke no French on his arrival in Paris his enthusiasm is clear to see as he chats to his staff and engages in conversation with a couple of Parisienne perfume retailers, all of whom undergo training with the different manufacturers.

Not all manufacturers were enthusiastic about Boots's approach initially. Brown rather gleefully tells of how one exclusive skin products company resisted his selling of their products on the open shelf. The company preferred to use the time honoured tradition of having its products on a diplay with its own trained specialist. "We simply asked them if we could make a trial and put the products out on open display," says Brown. "When the company saw the returns they let us continue."

International Appointments

General Appointments

THE ARTS

Letter from New York/Paula Deitz

Style of the century

The message of the great world's fairs and design expositions of the past was that everyone would live with the brand new, elegant products of the present with an eye to an even more brilliant future. How curious, then, to be in that future now and have the chance to walk back along aisles and showcases displaying 300 objects designed during the past 85 years, and to recognise which ones remain fresh and full of promise and which have fallen flat.

High Styles: Twentieth-Century American Design is a retrospective exhibition at the Whitney Museum of American Art (until February 16) where these judgments can be made while strolling along a maze-like shopping arcade installation designed by the architect Robert Venturi who, more than anyone else, is sensitive to the emotional recall of familiar objects exhibited in isolation, like icons of an age.

Divided into five 15-year segments leading up to the final decade, each period has been organised by a different curator, and only the contour and colour scheme of the staging areas suggest the eras. The exhibition becomes a running account of the American dream, whereby designs first introduced for the social or intellectual elite eventually filter down in democratic style to the average American home.

Among the influences that came from abroad—Art Deco, Bauhaus, Wiener Werkstatte — the English arts and crafts movement has been especially pervasive, judging from the persistence in every period of the crafted item with simple lines and attention to detail. The giants of the show, though, would seem to be the American originals who created directly in the spirit of the landscape here. Nothing else has quite the enduring beauty of Frank Lloyd Wright's 1899 dining table and chairs with a leaded glass hanging lamp that has the feel of a butterfly in flight. And there is no one of a certain age who has not flirted with buying a Charles and Ray Eames chair from the 1950s. (The Eames chair derives its contour from the American farm tractor seat and is about as comfortable as one.) On the othe hand, in 1985 the sculptor Scott Burton, who is steeped in the American vernacular, can make a very comfortable chair out of pink granite. (You can sit in them at his current Tate Gallery show.) These all have what another American designer, Russel Wright called "a distinct American character."

As expected, the neon lights and vibrant supergraphics of the 1960s (including even a psychedelic poster of the Beatles) remind one of the shockwave that, as the catalogue states, "gave the most outré of the swinging domestic interiors the feeling more of a discothèque than a house."

*

But a new discothèque here in town makes one believe the

While the American dream lingers among furniture and fittings, the night time magic of New York City pulsates in a dazzling disco

future has arrived with a splash of brilliance. Few things have raised the spirits of the city dwellers, even of those who are not frequenters of discos, as much as the Palladium. Its exciting architectural design, with subtle flashing lights setting off a hard-edged interior structure, has been built within the old decaying Academy of Music on East 14th Street — paint peeling on the outside, but inside a new pulsating life created by the former owners of Studio 54.

This is the first completed project in the U.S. of the Japanese architect, Arata Isosaki, who has also designed Los Angeles's Museum of Contemporary Art, now under construction. His classic designs using clean geometric lines that rely on Palladian symmetry are well known here from gallery exhibitions of his drawings and models. Like other out-of-towners, who see New York with fresh eyes, Isosaki has embraced the essence of the city's night time magic, especially of the dazzling moving coloured lights of Times Square against a dark sky. He has also observed how New York's grid-iron street pattern superimposed an order on the electric atmosphere and how in some places still the glass block pavements lit up from underneath make one want to dance.

The treads of the double grand entry staircase are made of 2,400 of these glass blocks (Fred Astaire and Ginger Rogers would look perfect dancing down them). Upstairs in the shell of the old theatre's auditorium, the basic structure around the dance floor is of two facing grids, several storeys high, covered with metal mesh, a backdrop for the intricate play of 10,000 coloured lights that take three months' training to operate. Two immense banks of 25 video screens—with either single or multiple images—are suspended from movable arms that bring them swooping down to the dancers whose beat never stops.

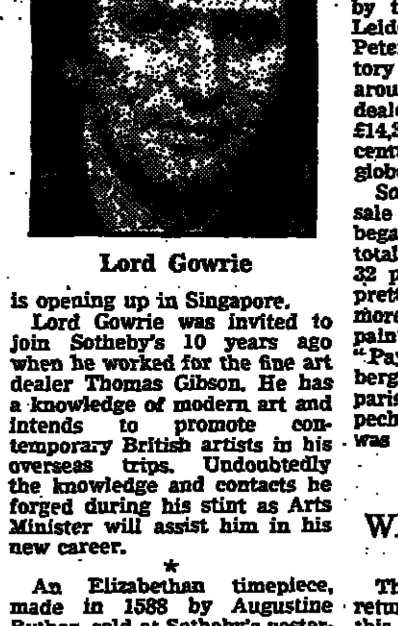
*

Although people tend to leave the city this time of year for their annual leaf tours to see the amazing spectrum of reds and yellows in the countryside, New York does have its own country house and 28-acre park overlooking the Hudson River in the Riverdale section. Wave Hill, now a cultural institution, is the only remaining country estate within city limits, and its gardens peak in the autumn season just as the trees on the Palisades across the river are turning red. With its Greek-revival mansion, the estate's landscaped gardens and balustraded walkways with pergolas above the river took their present shape in the early 1900s. While maintaining the scale and ambiance of a private estate, Marco Polo Stufano, director of horticulture, has nevertheless developed a public garden and aboretum which educates as well as beautifies.

Gowrie gains a new empire

After weighing up the offers from the art world for six weeks Lord Gowrie, who resigned as Minister for the Arts in September, has decided to join Sotheby's. He goes straight on to the board of the parent company, and will assume direct responsibility for Sotheby's international operations outside the UK and the U.S.

Julian Thompson had been in charge of both the UK and non-American activities but in future he will concentrate on British sales. Although Lord Gowrie is nominally equal with Thompson and John Marion, the executive in charge of New York, his empire is much smaller in terms of turnover. His task is to build up both foreign sales and to encourage more buyers and sellers to use Sotheby's.



Lord Gowrie

Lord Gowrie, aged 46, resigned from the Government mainly for financial reasons — he declared he could not live in London on £33,000 a year. He is likely to be receiving at least £40,000 at Sotheby's. He will also, after years spent tied to a ministerial desk, be able to travel widely.

For the next three months he will be learning the ropes in New York and will then roam the world. One country of particular potential is Germany, he will have the task of building up turnover there. He also arrives at a time when Sotheby's is opening up in Singapore.

Lord Gowrie was invited to join Sotheby's 10 years ago when he worked for the fine art dealer Thomas Gibson. He has a knowledge of modern art and intends to promote contemporary British artists in his overseas trips. Undoubtedly the knowledge and contacts he forged during his stint as Arts Minister will assist him in his new career.

*

An Elizabethan timepiece, made in 1588 by Augustine Ryther, sold at Sotheby's yesterday for £17,600. It was bought by the Science Museum. Basically a pocket sundial it enabled a traveller to adjust the time as he travelled the roads: in those days there was a five-minute time difference between London and Oxford.

The auction of scientific instruments totalled £235,105 with 9.6 per cent unsold. The top price was the £22,000 paid by the Boerhaave museum of Leiden in Holland for a rare Peter Dollond portable observatory refracting telescope, made around 1770. The London dealer Harriet Wynter paid £14,300 for a pair of late 17th century terrestrial and celestial globes by Isaac Habrecht.

Sotheby's first Impressionist sale of the season in London began modestly with a morning total of £306,911, with a sizeable 32 per cent unsold. As usual pretty works did well but the more challenging avante garde paintings were out of favour. "Paysage" by Theo van Rysselberghe sold for £12,900 to a paris dealer, and "Les petits pecheurs" by Modeste Huys was on target at £11,220.

Antony Thorncroft

WNO/Amoco festival in London

The Welsh National Opera returns to the Dominion Theatre this year with support from Amoco.

The season, the sixth, is from December 17-21, with performances of *Rigoletto*, *Cosi fan tutte* and *Madam Butterfly*.

The Grace of Mary Traverse/Royal Court

Michael Coveney

Following the example of Caryl Churchill and Howard Barker, Timberlake Wertenbaker sets her new play in the past—late 18th century London—only to release her characters into the stormily consciousness-raised present. When her herine, Mary Traverse, is told that the coffee house from which she is barred at that moment contains, *inter alios*, Fielding, Boswell, Garrick, Hogarth, Tiepolo and Voltaire, you get the picture. Feminism is at the gates. And the gates are locked.

For all its gnawing limitations and passages of automatic rant, the play does light up from scene to scene as it charts the education — sexual, social and political — of a wealthy merchant's daughter first seen pinioned against a library front cloth conducting a supervised conversation with an empty chair.

Alastair Muir

Janet McTeer

Mary herself is literally straining for the off, bursting at the seams, busting out of her crinoline. Janet McTeer, making her London debut, is quite simply astonishing, the most extraordinary new actress I have seen way beyond even Juliet Stevenson. Martin Hoyle's reports on this page of her Royal Exchange, Manchester, work were no idle trailer. Close your eyes and you hear Vanessa Redgrave, singing along her vowels and animating all she says with urgency and passion. Open them and you see a tall, willowy young woman full of grace and movement, total assurance and natural timing. Mary will obviously not be bounded by a narrow room, nor parental expectations of her rightful place.

Her rakish progress, illicity embarked upon under the tutelage of Pam Ferris's bustling Mrs Temptwell, begins in Cheapside with the witnessing of a rape. Then a bewigged, nude Adonis (David Beames) awakens her sexual appetite in one of the silliest scenes ever enacted even in Sloane Square. It is held together only by Miss McTeer's unwarranted fascination with the dangling member.

Then she is out of the trap, rabidly piling up "experience" at cock fights ("In my days they didn't have cocks" wistfully opines Harold Innocent, by this time transformed from Mary's father to poodle-wigged gambling denizen of the taverns) and—in a sexist, balancing corollary scene—an old bag race.

The play's best scene is after the interval, when Kandis Cook's concertina-ed arc of Vauxhall Bridge is a twilight garden setting for the seduction by the whore Mary of her own father. With so much experience to acquire, the play resorts to cartoon form to submerge, quite rightly, the sketchy, naturalistic encounters. Thus the diseased and pregnant Mary is not seen in a maternal role until she has rabble-roused in a comic echo of the European revolutionary spirit, jumping up and down on tables threatening to change the world and demolish the Pope.

The play goes wild and woolly, with gin riots in Holborn quickly succeeded with smokey nemesis, disaster, the pouring of bones and debris into the sagging lap of the disabused wonder girl. Danny Boyle's characteristically energetic production might have trimmed and tightened here.

But Miss Wertenbaker's genuine playwriting instincts reassert themselves in the transformation of Tom Chadbon's gormless aristocrat finding a mundane role in the world and a lyrical cadenza for the three central characters in a country garden. Too many echoes, perhaps, of other writers who have been through this venue. But what an opportunity for the London theatre-goer: an introduction to Miss McTeer at the start of what, I confidently wager, will be a remarkable and significant career. Next stop Rosalind in Manchester.

Particular Friendships/Hampstead

Martin Hoyle

Given the present tendencies of the London theatre, it is only fair to point out that *Particular Friendships* is not a version of Roger Peyrefitte's novel, *Les Amitiés Particulières*. This will save a large section of the public trekking north under the impression that a story of steamy schoolboy pashes awaits them in NW3.

Those who abandon the journey will miss a funny, articulate and thoroughly enjoyable comedy about television—a sitting duck, perhaps, though Martin Allen avoids most of the stereotypes and clichés of the subject and never descends to caricature.

Lorna is a producer in the Social Features department. Ruthless, work-obsessed and corroded with secret self-loathing, her emotional life has been pared down to the after-hours fornication or snatched weekend with a married colleague who will obviously never leave his wife. The hardbitten career-woman is familiar from Joan Crawford movies, but Caroline Blakiston makes Lorna into a rounded individual, capable of lowering her guard and melting before returning, hurt, to bristling invulnerability.

The new Production Assistant on a documentary about nuns comes in for Lorna's verbal flagellation. Celia Imrie's sturdily cheerful packhorse beautifully develops into confidence and articulateness as she reveals that she briefly entered a convent. The "particular friendships" forbidden to the sisters finds its counterpart in the two women's growing sympathy. But such relationships are banned since they distract from dedication to the institution: religion or, by implication, the career.

All of which sounds solemn and does no justice to Mr Allen's unflaggingly light touch and sometimes hilarious dialogue, Michael Attenborough's direction or the first-rate cast.

Philip Voss, feline, Machiavellian and manipulating others' ambitions to preserve his own well-being, resembles no head of department that I ever knew in TV, I'm glad to say; but convinces — apart from the cricketing metaphors: this smooth sensualist would prefer the language of food or music, surely. John Price is the young director with aspirations to art; and as a Sloane Ranger secretary with the amiable self-absorption of the privileged and the throttled or flattened vowels of her kind, Caroline Bliss is—well bliss. Wickedly accurate and never remotely exaggerated, she has, I note with awe, played Diana in a TV enterprise called *Charles and Diana*.

For all its bounce, the play has serious points to make about the non-communication of those who work in communications. "I want to find things out without them touching me," confesses the agonisingly isolated Lorna. Sue Plummer's set presents a real TV production office with walls that slide back for an hilarious night in a convent guest-room shared by appalled media people on location. Funny and serious together, the play is a pleasure

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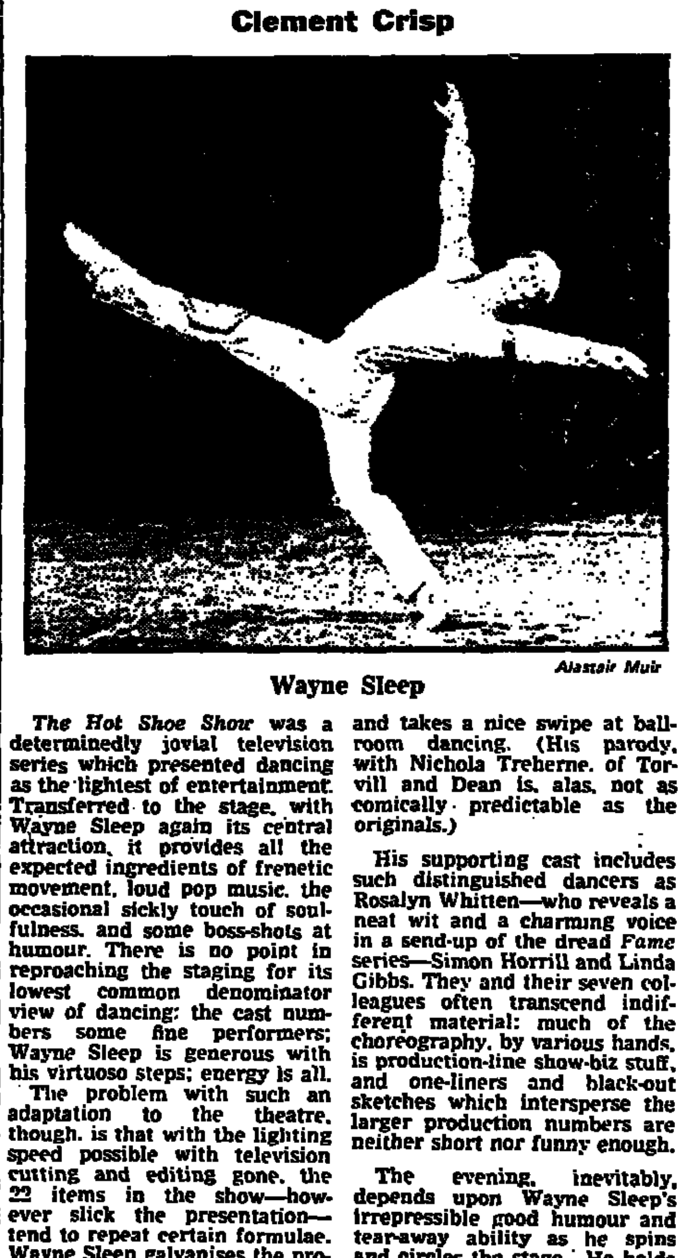
Funny and serious too, at least in theory, is *The Passport* by Pierre Bourgeade. The bravely enterprising little Offstage Downstairs, beneath the excellent bookshop in Chalk Farm (NW1 this time), is presenting this bittersweet one-actor from 1983. Frankly it plays as a much older type of absurdist morality, recalling Courteline. Simon Callow's production invests the piece with a flickeringly surreal quality. Anna Korwin is touching as the woman who has waited 25 years for her passport application to leave Tsarist Russia to come through; and Peter Bayliss's customs officer, perched at a desk supported by pillars of grimy papers, creaks out his words as if his voice were choked with years of dust. Glimmers of pain, love and stunted humanity, stifled by a monstrous bureaucracy that eventually claims them both, make Mr Bayliss's small-town border official a remarkable portrait in miniature.

Alastair Muir

John Price and Caroline Bliss

Hot Shoe Show/Palladium

Clement Crisp



Alastair Muir

Wayne Sleep

The Hot Shoe Show was a determinedly jovial television series which presented dancing as the lightest of entertainment. Transferred to the stage, with Wayne Sleep again its central attraction, it provides all the expected ingredients of frenetic movement, loud pop music, the occasional sickly touch of soulfulness, and some boss-shots at humour. There is no point in reproaching the staging for its lowest common denominator view of dancing: the cast numbers some fine performers; Wayne Sleep is generous with his virtuoso steps; energy is all.

The problem with such an adaptation to the theatre, though, is that with the lighting speed possible with television cutting and editing gone, the 22 items in the show—however slick the presentation—tend to repeat certain formulae. Wayne Sleep galvanises the proceedings with his antic tricks, sings, impersonates Chaplin, and takes a nice swipe at ballroom dancing. (His parody, with Nichola Treherne, of Torvill and Dean is, alas, not as comically predictable as the originals.)

His supporting cast includes such distinguished dancers as Rosalyn Whitten—who reveals a neat wit and a charming voice in a send-up of the dread *Fame* series—Simon Horrill and Linda Gibbs. They and their seven colleagues often transcend indifferent material: much of the choreography, by various hands, is production-line show-biz stuff, and one-liners and black-out sketches which intersperse the larger production numbers are neither short nor funny enough.

The evening, inevitably, depends upon Wayne Sleep's irrepressible good humour and tear-away ability as he spins and circles the stage. He holds the show together, and his fans will not be disappointed.

Tango Argentino/New York

David Vaughan

The ornate Mark Hellinger Theatre, built as a picture palace in 1930, is an appropriate setting for the Broadway run of *Tango Argentino*. The show was a hit before it opened—originally commissioned by the Paris Festival d'Automne two years ago, it played for a week at the New York City Center in June, with very little publicity, and was a sell-out. The success of the current five-week run seems assured, not only by its appeal to the large New York City Hispanic audience, but by the production's taste, sophistication, wit, and impeccable professionalism.

The tango, we read, originated in Buenos Aires about 100 years ago, combining the rhythm of the Spanish habanera with elements of Indian and African provenance—though the name would seem to be derived from the Latin *tangere*, to touch. Anyone who supposes that an evening devoted to a musical form in 4/4 time, and the dance that goes with it, might become monotonous is likely to be surprised by its enormous variety, musical and choreographic.

The company assembled by the show's creators, Claudio Segovia and Hector Orezzoli, consists of four singers, seven dancing couples and one soloist, and a dozen musicians. The dancers include the choreographer, Juan Carlos Copes, and his partner Maria Nieves. The singers — Raúl Lavié, a suave greying matinée idol, and the women, Jovietta Luna, Elba Berón, and Alba Solís, with their mask-like maquillage and peroxided or hennaed coiffures — all look and sound like people who have lived. The word most often heard in the lyrics they project with such passion is "corazón." The features of the lead musicians, too, express transports of emotion as they play their accordion-like bandoneons.

The programme notes suggest that the subject matter of the tango can embrace almost every aspect of life. In the dance numbers, not unnaturally, it comes down mostly to sex, in every possible kind of manifestation, from the playful to the perverse, and in milieus ranging from the elegant to the *louche*. In the very first dance, "El Apache Argentino," "two thugs entwine" in a macho, if sexually ambiguous, coupling; later, in "La Morocha," two young girls dance together in virginal innocence. The most extended dance sequence—ballet, almost—features Naanim Timoyko as Milonguita, a working-class girl seduced in turn by a "ruffian" and his accomplice, the madam of a bordello, after which she descends the primrose path in time-honoured fashion, and is finally stabbed to death by her first lover.

Most of the dance numbers are duets whose variety and complexity far exceed anything one has ever seen done by "exhibition" ballroom teams. Torsos twist and turn, legs lash out like whips or wrap around each other, feet hook together or erupt in fusillades of heel and toe beats as intricate as those of *flamenco*. There's much more to the tango, one soon realises, than the basic slow quick, slow, slow. And it's not just a dance for the young and slender; in "Orgullo Criollo," Virulazo, a mature, portly man, moves with impressive deliberation while his partner, Elvira, flashes about him. At the end, he slaps her on the behind. Needless to say, this is one of the evening's sexiest numbers.

Such a show would not be complete without "La Cumparsita" and Gade's "Jealousy," and it does not disappoint us, but *Tango Argentino* is full of surprises, too. One's bliss, in fact, is marred only by the strident amplification that seems to be mandatory in American theatres nowadays.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 18–24

Exhibitions

ITALY

Milan: Palazzo della Triennale: Alfa Romeo: A celebration of the company's first 75 years with photographs of key figures from its past, with project designs and vintage models. Ends Nov 10.

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

Padua: Palazzo della Ragione: Halley and Giotto in the Cosmos. The first stop for an exhibition celebrating Halley's comet. Examples of the sophisticated instruments used to trace and examine the comet. Ends Oct 27.

Venice: ca' rezzonico: Warsaw 1764–1830: From Bellotto to Chopin. A vast exhibition in a splendid setting, organised by the Polish Ministry of Culture and the Italian Institute in Warsaw: paintings, drawings, architectural designs, jewellery and furniture lent by Polish museums, from a troubled, but highly creative, period of Warsaw's history. Ends Nov 20.

Rome: Galleria Nazionale d'Arte Moderna (Viale Belle Arti 131): Fendi-Lagerfeld: 20 years of collaboration following hard on Gianni Versace's success at the Victoria and Albert Museum in London, the Modern Art Gallery here has put on an extremely grand and beautifully presented exhibition to celebrate the twenty years of association between the designer Karl Lagerfeld and the Roman Fendi sisters, famous for furs and leather goods. The exhibition teaches you a lot about fur. Firstly, why it costs so much and secondly that fur is only interesting when its being worn. Until Oct. 25.

VIENNA

Treasures From The Forbidden City, Peking: A selection of 120 objects covering 3,500 years of Chinese history from Peking's Forbidden City, the former Imperial Palace, now a museum. It includes gold and jade pieces, calligraphy of all kinds, musical instruments, costumes, paintings, procelain vases, dishes and cups from the Ming and Qing dynasties, and paintings on silk rolls showing the elaborate ritual of the court, or members of the royal family at leisure or on one of their epic journeys. This is the last opportunity to see the collection in Europe before it returns to the Forbidden City. Museum of Ethnology, Heldenplatz, Vienna, until Dec 8.

WEST GERMANY

Munich, Villa Stuck, Prinzregentenstr. 60: A retrospective of the works of Otto Dix with 472 oil paintings, aquarelles, graphics and drawings from between 1891-1969. It is the biggest assembly of his works ever. Ends Oct 27.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1–2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov

Ludwigshafen, Wilhelm-Hack-Museum, Berliner Str. 23: "Apocalypse, a principle hope?" – To honour local philosopher Ernst Bloch, on the 100th anniversary of his birth, the museum will exhibit 400 illustrations depicting the end of the world, ranging from the middle ages to the 20th century. A book by Bloch, "Ein Prinzip Hoffnung," is the basis of this show. Among the artists are Dürer, William Blake, Arnulf Rainer, Markus Lüpertz, Joseph Beuys and Enzo Cucci. Ends Nov 17.

BRUSSELS

Spanish Netherlands 1500-1700: Renaissance and Baroque, Flemish and Spanish painters – Velázquez, Rubens, Murillo, Van Dyck, El Greco. Palais des Beaux Arts. Ends Dec 22.

Los Beatos: 20 illuminated manuscripts. An IXth century commentary on the Apocalypse attributed to Asturian monk Beatus (circa 775 AD). Nassau Chapel, Royal Library. Ends Nov 30.

Los Iberos: Iberian Art from the pre-Roman period. Musée Royale d'Art et Histoire. Ends Dec 22.

Opera costumes from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

NETHERLANDS

Amsterdam, Stedelijk Museum: Posters illustrating the work of a new generation of Japanese designers and art directors. Ends Oct 27.

The Hague, Gemeentemuseum. A glimpse behind the scenes of 18th century opera production, with prints, drawings and scale models illustrating set design, costumes, stage machinery, and the use of gesture to heighten the dramatic action. Ends Nov 10.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

SPAIN

Madrid, a selection of 162 XVIIth century paintings including Ribera, Caravaggio, Luca Giordano, Vaccaro, Cavallino, Pretti, Caracciolo, Salvatore Rosa, Micco Spadero, Falcone, etc. Palacio de Villahermosa, Prado Museum. Until end of Dec.

PARIS

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (2615410) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (2651273)

Medieval Art in Paris: The Abbots of Cluny built their magnificient late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman Baths. Now a museum, it houses medieval works of art: Goldsmiths' work, carved altarpieces, ivories, fabrics, with two Englisch Royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tapestries – an allegory of the five senses, one of the masterpieces of medieval art. Musée de Cluny, Place Paul-Painlevé, Métro Odéon.

LONDON

The Barbican Art Gallery: Gwen John – the fullest study we have yet had of the work of the most particular and exquisite of British artists this century. Overshadowed in her own lifetime by brother Augustus, she is now considered, as he foresaw, the greater artist. Ends Nov 3.

The Barbican Art Gallery: Roderick O'Conor – the first full retrospective study of an artist too much neglected both at home and abroad. An Irishman who went to Paris in 1880 as a student and stayed in France for the rest of his life, becoming a central figure in the Pont Aven colony of artists in the '90s he was then the British contact with l'Ecole de Paris for 30 years. Ends Nov 3.

NEW YORK

Baruch College Gallery: a collection of 19th-century French drawings and watercolours on tour from the Amsterdam Historical Museum presents a cross-section of the styles and themes of the period, from the veneration of the Napoleonic legend to exotic Orientalism and the Italian picturesque. Ends Nov 8.

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

WASHINGTON

National Museum of American Art: 35 paintings by Alexander Hogue capture the American Southwest through dustbowl and prairie in highly stylised evocative works from the 1920s to the present. Ends Nov 3.

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, primarily paintings, from 13 artists, including lesser known artists such as Carlo Bertocci and Patrizia Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

National Gallery: 118 Master Drawings from the fifteenth to nineteenth centuries lent by the Swedish Nationalmuseum include works by Dürer, Rembrandt, Rubens, Van Dyck and Goya. Ends Jan 5.

CHICAGO

Art Institute: Chalk & Chisel combines 11 sculptures with more than 80 sculptors' drawings to show the interplay between preparation and execution in the work among others of Rodin, Carpeaux and Rysbrack. Ends Dec 12.

TOKYO

Western Contemporary Art in Action: Visual and performance art by nine artists from the U.S., France and Germany. Sogetsu Kaikan. Ends Nov 9.

Contemporary Ceramics: Show of Ban Kajitani's work, who now lives in the U.S. Akasaka Green Gallery. Ends Nov 2.

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Thursday October 24 1985

Market economy German style

WEST GERMAN dedication to the market economy is almost proverbial, yet the Federal Republic has a widespread and long lived network of subsidies that has aroused the enmity of many German economists.

To take but one outstanding example: the coal mines have been propped up for about 20 years through succeeding periods of oil glut and dearth. In 1983 the subsidies they received in direct aid or in tax breaks were the equivalent of 85 per cent of the added value in mine output. Agriculture, the pampered pet of the European Community, received 220 per cent of its added value in West Germany through one kind of official aid or another. Whatever the politics of these cases, economically they are a nonsense.

The figures appear in a study published this month by Institut fuer Weltwirtschaft at Kiel University (and commissioned by a periodical, Wirtschaftswoche). The Kiel economic research institute is especially hostile to the practice of subsidies, but sister institutes with slightly different theoretical assumptions, such as that in Berlin, have also urged the Kohl Government to make good its pledge to reduce subsidies and tax breaks. A permanent panel of academics which advises the finance ministry this month called for fundamental tax reform to cut the tax take and lower subsidies.

A philosophical justification for certain subsidies can be found in the Ehardian concept of the market economy which has inspired West German economic policy for more than a generation. It requires policy to be *sozial*, signifying that market policies must be tempered by a social conscience. That German adjective has no obvious English equivalent.

That may be changing. The increasing insistence in British government language that policy, including economic policy, must be "caring" is an attempt to come to grips with the same need to temper the rough justice of the market place.

It always is difficult to resolve the many conflicts between the desire to "care" and the rationale of the market which, in the end, usually catches up with more tender considerations. At least a partial failure to resolve these conflicts is reflected in the many subsidies and tax breaks available in West Germany.

The Kiel study says that they are distributed among 10,000 different positions in the federal and other budgets. Often they serve contradictory purposes: innovation, in the case of incentives to research and to the aerospace industry; or conservation of otherwise moribund structures such as those in the coalfields.

Not all the subsidies are controversial. Tax breaks for West Berlin make sense for political and other reasons. But what is one to make of assistance to travelling showmen — an honourable community, but hardly one vital to the community?

Of the assistance to the coal mines it can be said that that it has prevented a showdown similar to that between the British miners and Government last year. Given the importance of consensus in West German industrial relations and generally reasonable union leaderships, that is not to be shrugged off. But because the subsidy is not degressive it has fossilised outworn structures and made it harder to set up new industries in the mining areas.

Controversial

Elsewhere that effect may not be so obvious. But the Kiel institute, on the strength of its computer model of the German economy, comes to the conclusion that halving subsidies and tax breaks would, within five years, provide more than 1m new employments, easily outweighing the loss of 194,000 jobs in the heavily subsidised farming and coal mining industries.

None of this is to say that the West German economy is especially subsidised by comparison with othe rcountries. Definitions of what constitutes a subsidy are controversial, but on the face of it there is no reason to quarrel with the West German Finance Ministry which argues that among important industrialised countries only the U.S., Switzerland, Japan and Belgium proffer less such aid in relation to the size of their economies.

It is true, too, that the long term trend has been for West German subsidies to rise, especially in the 1970s. The Khol Government has undertaken to reverse the trend, providing itself with the opportunity to give the econocy a supply side boost by cutting taxes as savings are made. Progress has been disappointingly slow.

The regional imperative

THE REPORTS published yesterday from the regional Chambers of Commerce, suggesting that in the north of England and especially in the north-west, industry is already suffering a new downturn in orders and output, lends sad point to Mr Leon Brittan's speech in Blackpool. He told the Conservative Party conference that regional decline is the gravest social and economic problem facing Britain as a nation and said that regional policy must be a top Government priority.

Although there is some evidence that Mr Brittan was speaking for himself rather than for the Government as a whole, the facts support him. So, it seems, do some senior ministers; Mr Michael Heseltine's reported wish to move defence support activities so far as possible out of the southern region where they have their traditional roots is just the sort of thing Mr Brittan seems to have had in mind when he asked that all relevant decisions should be made in a regional context.

Concentrated attention of this kind would no doubt produce a large number of useful ideas and would at least show genuine concern. However, a market-orientated government in particular should surely aim higher. A mismatch of demand and potential resources which goes back in the northeast, for example, for at least 60 years, represent a major market failure, whose causes demand close study. This could usefully start with two familiar facts in mind: that most of the Westminster-inspired schemes which have been tried have largely failed, and at substanial cost; and that Scotland has shown notably more resilience than other regions.

Headache

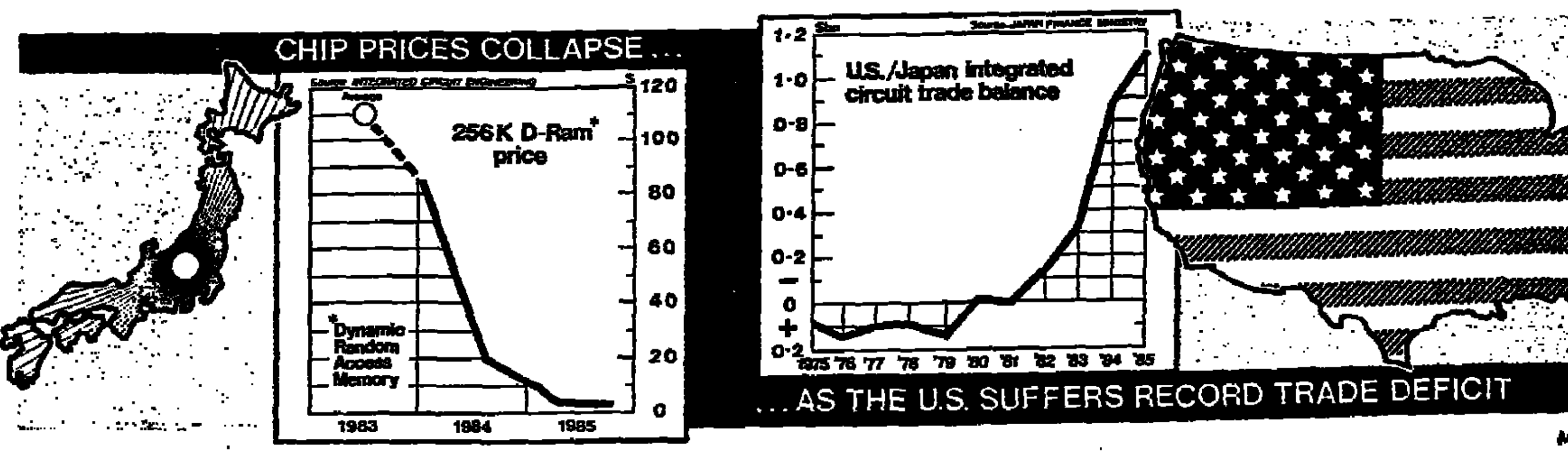
The causes of failure are well-known. There has been far too much emphasis, largely for reasons of administrative simplicity, on subsidies to capital. Where these succeed, they characteristically create few jobs and, where they fail, the losses to the taxpayer can be spectacular. Expensive, showy gestures which result in missiting aluminium smelters or steelworks are worse than useless. The policies which in the past compelled the motor industry in this country (and in France) to establish remote satellites almost certainly made the companies concerned less competitive.

However, the regions cannot be left to rot simply because they are a blinding headache. This government in particular should put more effort into analysing and tackling the particular forms of market failure which make the regional problem so hard to detect—failures in the labour market, in housing mobility and in the land market.

The Government has often spoken of its wish to foster decentralised, market-related wage bargaining, but has not so far done very much about it. Recent studies of wage inflation have shown that wages outside the south-east seem to bear no relation at all to local labour market conditions—and little, for that matter, to the fact that low house prices make the cost of living less in the depressed regions. The present structure discourages capital from moving into the regions and labour from moving out. The regional employment premium was one attempt to address this problem; a rationally-functioning labour market would be a better one. Here is a subject for constructive dialogue with the unions.

There is no need here to enlarge on the mistakes of housing policy; it remains amazing that the Government has done so little in six years to give private renting even-handed fiscal treatment, let alone market freedom. The market in development land is also a problem. Too often well-meant regional incentives are simply bled off in the price of sites—often-publicly owned — and there is some evidence that public-sector valuations are excessive. This needs study both of the proper site-tax regime for such zones, and of detailed administrative practice.

Finally, the experience of Scotland, and equally of the sunbelt states in the U.S., suggest that regions respond much better to market pressures if they have a core of strategic decision making already present —regional banks, corporate headquarters, and organs of government. This kind of infrastructure seems as necessary as roads and ports.



Martyn Barnes

Chip makers go to war

By Louise Kehoe in San Francisco

SO FAR as leaders of the U.S. semi-conductor industry are concerned, their war of words and lawsuits against rival Japanese chipmakers has claimed its first martyr. Mostek, the Texas memory chipmaker whose closure was announced last week by United Technologies, was, they say, killed by unfair Japanese competition.

"This is precisely what we predicted would happen," says Thomas Hinkelman, president of the Semiconductor Industry Association (SIA). "The demise of Mostek would not have happened were it not for Japanese dumping."

As one of the few remaining U.S. manufacturers of Dynamic Random Access memories (D-Rams)—the basic data storage chip used in most computers—Mostek was certainly a victim of the precipitous collapse in D-Ram prices. A 256K D-Ram which sold for $84 in January last year, can now be bought for less than $3.

Whether Japan can be blamed for this state of affairs —the U.S. chipmakers themselves are famous for their vigorous pursuit of price wars —is another matter. Mostek's decline from pioneer of high-volume D-Ram production in 1969 to closure—a descent which has occurred in spite of an injection of $500m of investment by United Technologies since 1980—certainly had other causes too. Failure to diversify the company's product line in a rapidly changing market is but the most obvious.

Whatever the complexities of the case, however, there is no doubt that the closure of Mostek, the eighth largest chipmaker in the $12bn U.S. industry, has mightily fuelled the resolve of the American chipmakers to pursue a legal and political onslaught against Japan. They are trying to convince Washington that if action is not taken, this strategically important industry will be ripped apart, just at the moment when the worst recession in its history shows signs of coming to an end.

"We have hit the bottom of the demand curve. I expect to see a gradual improvement this fall," says Charles E. Sporck, president of National Semi-conductor, a major Silicon Valley manufacturer.

But few of the its leaders believe that the end of the recession will solve the industry's fundamental problems. "There are just too many suppliers to be efficient," says Dr Gordon Moore, chairman of Intel, and one of the founders of the semi-conductor industry.

"I believe that we need to go through a consolidation. There will be mergers, acquisitions and bankruptcies before the industry recovers."

Already the industry is shrinking. Apart from Mostek, several newer chip makers are in bankruptcy and even the major companies face serious problems. Earlier this month, Intel, which invented D-Rams, announced its exit from the market, blaming Japanese dumping.

Advanced Micro Devices, until recently the fastest-growing company in the industry, has seen its revenues cut in half this year. Motorola, the number two chip maker, has laid off close to 4,000 people over the past 12 months, and each of the top ten firms has instituted cost-cutting measures — lay-offs, short work weeks, shutdowns and pay cuts.

Although Japanese competition is clearly not the industry's only problem, industry leaders insist that unfair trading is easily their biggest worry.

"The predatory pricing practices of the Japanese, coupled with their closed markets, are looting the American semi-conductor industry. They are making it impossible for us to generate profits. If unchecked, this will make it impossible for us to invest adequately in both research and development and plant and equipment," complains W. J. Sanders III, chairman of Advanced Mirco Devices, the fifth largest U.S. chip maker. .

In fact, the trade deficit between the U.S. and Japan in semi-conductors is relatively small—only $900m in 1984. But the gap has grown six-fold since 1982 and, according to U.S. figures, Japanese manufacturers have steadily increased their share of the U.S. market to about 17 per cent, while the U.S. makers' 11 per cent market share in Japan has not changed in a decade.

To back their claims about unfair competition, the chip makers have launched a series of legal counterattacks on Japanese imports. Micron Technology of Boise, Idaho, a company founded by ex-Mostek engineers to make memory chips, has charged the Japanese with dumping D-Rams.

National semiconductor, Intel and Advanced Micro Devices have alleged that Japanese manufacturers have also sold Eproms (erasable, programmable read only memory) —another type of memory chip used to store programs in computers—at below fair value.

Apart from these individual cases, the industry, through the SIA also wants the President to investigate its trading problems under section 301 of the U.S. Trade Act.

It has high hopes of success. Having won dominance in the commodity $5bn D-Ram market, the Japanese are now said to be pursuing a similar goal in Eproms, the U.S. claims. The market for Eproms is much smaller, but of extreme strategic importance. The U.S. manufacturers say they need a high-volume commodity chip upon which to improve their manufacturing technology.

The U.S. problem, of course, is to prove that Japanese trading practices have been unfair. With about 60 per cent overcapacity in chip production world-wide, prices are bound to be weak, points out Mr Tomohiro Matsumura, senior vice-president of NEC. He accuses

Leaving aside lawsuits, the most powerful weapon in the U.S. armoury is probably innovation. This month, two of the most advanced semi-conductor products in the world were introduced by U.S. chip makers. Texas Instruments announced chips to link computers on an IBM local area network, and Intel became the third U.S. company to offer a 32-bit microprocessor—the type of chip capable of performing tasks which required a room-sized mainframe computer until only a few years ago.

Japanese firms are still confined to lower performance 16-bit devices, and almost all of these micro-processors are U.S.-designed. One of the ironies of the current trade row is the extent to which U.S.-designed products are flooding back into the American market —the result of liberal U.S. licensing of Japanese manufacturers. In the past, "alternative sourcing" made sense as a way to create a market base. Today, however, U.S. chip makers are rethinking their strategy.

Intel is seriously considering not second sourcing its now 32-bit micro in Japan. The chip cost $100m to develop and company executives are lo[illegible] to give Japanese competitors an opportunity to benefit.

Meanwhile, however, Japanese spending upon new semi-conductor plants has accelerated; the cause, says the SIA, of the price collapse.

The leading Japanese chip makers also have advantages of size and product diversity and so have been less damaged by the semiconductor recession.

The U.S., however, does have its own integrated [illegible] semi-conductor companies—notably IBM and Digital Equipment—and it is interesting that IBM has carefully avoided being drawn into the merchant chip makers' political campaign. IBM has too much to lose in Japan to take that risk. IBM, in fact, is pursuing a strategy not unlike that of the major Japanese chip makers, except it does not sell to outsiders.

Could this mean that the chip companies' problems are less to do with unfair Japanese trading than that their own inherent structural weaknesses? Perhaps, in a maturing industry, they are simply too small and lacking in financial muscle.

"We are aggressively independent," says Mr Sporck. "I don't see any circumstances that would force us to give that up. We would fight very hard against any takeover attempt."

Also, notes Dr Moore of Intel, merging semi-conductor companies into industrial conglomerates has not always worked well in the U.S. Mostek, indeed, is a case in point.

Stronger ties with chip users, however, would help the chip makers address one of their most persistent difficulties: how to gauge future demand. As arms' length merchant suppliers, companies like Intel and National Semiconductor have great problems reading the needs of their customers. The result has been a highly volatile boom and bust market for their products.

Because they fear their inability to ride the next round of this cycle, the U.S. merchant chip makers believe that they must have and will get political support. "Protectionism beats extinction any day," says Mr Sporck, or as Mr Jonathan Cornell, senior vice-president of Harris Corporation, puts it: "In the end, it doesn't matter whose fault it is, or even why it has happened. The point is that America cannot afford to lose its semi-conductor industry."

An article on the French semi-conductor industry will appear on tomorrow's Management page.

JAPAN HAS ITS PROBLEMS TOO

AMERICAN chip makers are not alone is suffering during the current downturn in demand for semiconductors. Some Japanese manufacturers are also racking up substantial losses in the sector and overall the industry is expected to report a more than 20 per cent drop in profits this year. It will be the worst year in the industry's history.

That said, it takes more than a sectoral down-turn to damage the likes of NEC, Hitachi, Fujitsu, Toshiba and Matsushita—Japan's five main chip makers in order of size in the market. Making everything from nuclear power generating equipment to pocket calculators, these vertically-integrated companies have the benefit of patient shareholders and deep pockets when trouble hits.

Relatively late entrants to the world chip market, the Japanese have become big players in the last few years thanks to their twin strengths in production engineering and marketing. Their strategy has been to invest heavily in high quality, low cost production and build market share at home and abroad.

With the gentle, guiding hand of the Ministry for International Trade and Industry (Miti) in the background, this strategy is now changing. First, Japanese companies are widening their product portfolios beyond mass-produced "standard" memory chips, the thrust of their attack on world markets until now.

Their new targets are more sophisticated products, notably microprocessors and so-called application specific integrated circuits (Asics), which are tailored individually to perform particular functions. American and European companies have so far been the world leaders in these products.

Second, Japanese companies are continuing to invest in production centres overseas. Led by Fujitsu, Hitachi and NEC, they have established more than a dozen facilities in the U.S. and about half as many in Western Europe.

This overseas expansion, which began in the late 1970s, is partly intended to guard against the threat of trade protection abroad. (Efforts are also being made to increase component imports.) However, it also reflects changing product technology. The design of Asics, in particular, requires close on-the-spot liaison with customers.

Nonetheless, the bulk of semiconductor production is still based in Japan. "We are really exporters, not multinationals," says an executive of one of the Big Five companies. "This is just a beginning."

As far as Miti is concerned, the changes cannot happen quickly enough. The Government fears protectionist legislation against the chip makers could lead to legislation in other high-technology areas as well. The industry anyway has a strong motive to internationalise in order to reduce its heavy exposure to the viciously competitive U.S. market.

At the same time, however, the big Japanese companies are continuing to invest heavily in R&D and new production facilities. Capital investment in semi-conductors in Japan rose from $1.4bn in 1983 to $3bn last year. Industry projections had called for a similarly large investment this year, but guidance from Miti during the current recession has persuaded most in the industry to scale back by 20 to 25 per cent at least. Still, the Japanese will be out-spending the Americans this year, who are expected to invest just $1.8bn in capital plant in 1985.

"Without trying to sound simplistic, the Americans are hiring lawyers while the Japanese are investing," says Carole Ryavec, an international equity analyst with Merrill Lynch in Tokyo.

Carla Rapoport in Tokyo

Men and Matters

Elders' men from Monaco

Richard Wiesener makes no bones about his dislike of publicity. "I am a low profile person," he says, with a wary note in his voice.

But Wiesener, a Monaco-based Australian businessman, and his associate, Bob Cowper, a former Australian Test cricketer, find themselves today in the full glare of a City spotlight.

They have been named as parties involved with Elders IXL and a group of eight international banks in a company called IXL, specially formed to mount the £1.8bn takeover bid for Allied-Lyons.

They are also co-owners, with Elders, of Windermere Securities, a company through which the Australian group gradually built up its 6 per cent stake in its target.

The two men—both aged 44 —have acted as general investment advisers to Elders since they left Australia for Monaco some two-and-a-half years ago. But their links with the company go back much further than that.

Cowper, whose main Monaco company is called Eurostock Securities, read commerce at Melbourne University, where he became a friend of John Elliott, now Elders' chief executive. The two are passionate sportsmen. Elliott for years played Australian rules football; Cowper was a gifted tennis and rugby player as well as a cricketer.

A top Test batsman in the 1960s, Cowper scored over 2,000 runs for Australia, and holds the record for the highest number of runs scored against an England team in Australia: 307. He and Elliott pursued separate business careers after university, but kept in touch, and Cowper was for a time on the board of Elders.

Wiesener has been a friend of Elliott since the 1960s when they both worked in Australia for McKinsey, the management consultant. A chartered accountant with a background in merchant banking, Wiesener joined Elliott in 1972 for the takeover of Henry Jones IXL, a jam manufacturer It was 'his deal which set Elliott off on his meteoric career as a businessman, and Wiesener became the company's finance director.

Wiesener says he eventually left the group "with great reluctance" because he could not stand the commuting between his home in Sydney and headquarters in Melbourne. Nowadays, he spends almost half the year travelling outside Monaco on behalf of Wexel, his small investment bank with a virtually all-Australian clientele.

The aim, he says, is to build it into an "old style investment bank" with stakes in a variety of businesses, working in conjunction with entrepreneurs. But for the moment, he is kept fully occupied in London as part of Elders' takeover team. Ask him precisely what his role is, and Wiesener retreats behind that low profile.

"You'd think we could decide who should blow out the candles on our birthday cake without a full scale debate"

Match-maker

Sir Derrick Holden-Brown, chairman of Allied-Lyons, is not only fighting a takeover bid in his own back yard. He has just found time to play a leading part in the merger of two weighty British food trade bodies.

He has been a prime mover in the marriage (finally decided upon this week) of the Food Manufacturers Federation, and the Food and Drinks Federation.

Holden-Brown will be president of the new body. Only fair, as he used to head each of the two separate federations. Together they will represent member companies with a combined turnover of £30bn a year.

Holden-Brown has shown a fair degree of determination in bringing together the two bodies, believing that by speaking with one voice they will be far more effective at championing the concerns of their industries. Hot current issues include the labelling of foods, and discounts to retailers.

Tea-break

Wishing to unveil the Belmont, its new car to be built at Ellesmere Port, the Vauxhall management yesterday elected to hold the proceedings in the plush interior of the Savoy Hotel, London.

Excluded, but nevertheless interested in the company's future plans and the security of their jobs, a posse of Vauxhall's Merseyside workers waited outside the hotel's river entrance in the sunshine.

Placards were much in evidence complaining about the company's policy of importing cars made at its continental factories. A few slogans were shouted. The gathering could be called good-humoured.

But demonstrating is thirsty work, and towards the end of the morning some of the men were starting to show their impatience.

At that psychological moment, the doors swung open and a large table with white cloth was carried on to the pavement by two liveried hotel employees. It was laden with silverware, tea pots, cups and saucers, bowls of sugar, and jugs of cream.

The demonstrators stared. Then one cried: "It's for us lads. . . ."

One industrial situation defused.

And Vauxhall paid.

Political strains

Much to the relief of Bernard Weatherill, Speaker of the House of Commons, the array of services provided by the new telephone system inaugurated at the Palace of Westminster yesterday does not include the playing of a tune while a caller waits to be connected to his MP.

Dedicated as he is to the protection of backbenchers' interests, Weatherill suggested that even he might not have been able to safeguard MPs from constituents forced to listen to the strains of "We'll meet again, don't know where, don't know when. . . ."

Black humour

South Africa's present turmoil has its own darkly humorous side. Doing the rounds of the Jo'burg business scene at present are three definitions:

Recession—when someone else loses his job.

Depression—when you lose yours.

Recovery—when P. W. Botha loses his.

Then there is the one which asks the difference between Nero and Louis Le Grange, South Africa's minister of law and order—Nero had an ear for music.

Observer

The Star Wars debate

A question of definition for Geneva's negotiators

By Peter Marsh

The Shuttle Challenger lifts off at Cape Canaveral . . . will it carry space weapons one day?

IS IT research or is it deployment?

That question will be very much in the minds of President Ronald Reagan and the Soviet leader Mr Mikhail Gorbachev when the subject of the Americans' controversial Star Wars programme comes up at next month's Summit meeting in Geneva.

In the past week the U.S. Administration has emphasised that its Strategic Defence Initiative (SDI) to give it its full name is simply a research exercise and that decisions over deployment will be taken only in the 1990s. Officials have sought to reassure public opinion in both the Soviet Union and Europe that the programme does not infringe the Anti Ballistic Missile Treaty of 1972, which places constraints over both research and installation of defensive systems against nuclear attack.

Despite repeated assurances from the Reagan Administration that Star Wars is to go ahead unchanged, speculation is mounting that the President could agree to modify the proposals in the light of a possible arms control deal with the Soviet Union.

Observers in the U.S. are already mapping out the way a "Mark II" Star Wars could proceed if Mr Gorbachev, comes up with a sufficiently attractive proposal in Geneva.

The first projects to be dropped in the aftermath of any agreement on space weapons would probably be the 15 "technology research projects" due to be carried out as part of Star Wars over the next few years. Nine of these involve tests either with weapons or devices that could be scaled up to weapons.

According to Soviet hints in the past few weeks, Russia might be prepared to agree a deal on overall arms reductions that permitted laboratory research into anti-missile technology but outlawed anything that came near to being a space-based weapon.

Since the President announced the Star Wars project in March 1983, opinions have differed over the nature of the programme.

According to the US Administration, which plans to spend $33bn on Star Wars until 1990, the project simply comprises studies on what an operational anti-missile system could look like. Any decisions on deployment of such a shield, which could defend targets in the US and Western Europe from Soviet missiles, would be taken by a future president some time in the next decade.

"We are deciding what kind of house we want to build," says Congressman Bill Chappell, a Florida Democrat who strongly supports the programme and is acting chairman of the House of Representatives' defence-appropriations committee.

Others disagree. "The SDI is neither research nor defensive, but is an integral part of a military system," says Congressman George Brown, who is from the liberal wing of the Democrat Party and a vociferous opponent of Star Wars. "There is no question that the Administration wants to go ahead with a full-scale development of a space-based defence."

A 325-page report last month by a study team under Dr Thomas Karas at Congress's Office of Technology Assessment backed up this view.

While concluding that a protective shield against Soviet missiles was probably not feasible in the absence of any Soviet commitment to reduce offensive weapons, the team found that the SDI "cannot be adequately characterised as just a research programme to find out what is possible . . . If the research is highly successful, there will be pressures for moving to the early stages of development."

Much of the criticism over Star Wars has focused on the 15 major technology projects. These involve tests, either in space or on the ground, of devices such as rail guns (which accelerate small bullets to high speeds using electromagnetic forces) and laser weapons.

Some observers say these demonstrations were outlawed by the ABM Treaty, under which the U.S. and Soviet Union agreed not to "develop, test or deploy ABM systems or components which are sea-based, air-based, space-based or mobile land-based."

A prelude to such experiments was the test last month of a big chemical laser at the U.S. Government's White Sands proving ground in New Mexico. In a spectacle recorded for prime-time TV viewing, the TRW-built laser destroyed a missile tank anchored to the ground some distance away.

"No one doubts that if you shine a powerful laser in the desert at a missile tank then the tank will blow up—but I don't know what that proves about strategic defence," says Professor Ashton Carter, the author of a critical report last year for the Office of Technology Assessment

According to other commentators, large-scale experiments of the sort envisaged by Star Wars planners are inappropriate not just because they give the wrong political signals to the Soviet Union but on technical grounds. Dr Sidney Drell, an arms control expert at Stanford University, says that to plan such demonstrations so early in a research programme could lead to scientists becoming "locked-in" to specific technologies before they fully understand the problems

"The real difficulty in anti-missile defence is not so much about killing missiles in flight but how you sense them and discriminate between re-entry vehicles [which carry warheads] and decoys. There should be fewer gee-whizz demonstrations and a greater concentraton on laboratory experiments."

Dr Drell, like many Star Wars critics, supports the idea of basic research in anti-missile technology, both to keep a watch on what is possible and as a hedge against Soviet work in this area. He suggests a programme costed at $2bn annually over the next few years, as against the Administration's plan for annual budget levels building up to $6bn by 1988.

Dr John Steinbruner, director of foreign policy studies at the Brookings Institution, the Washington research organisation, says the U.S. ought to agree to a deal with the Soviet Union to ban the testing and deployment of all space weapons. This would include not only devices intended to be part of a defensive shield but also anti-satellite hardware.

For all the talk about how deliberations at the Geneva summit could influence Star Wars, any changes in the programme may be due more to actions in the U.S. Congress than to initiatives by Mr Gorbachev.

The House of Representatives defence-appropriations committee earlier this month recommended a budget for Star Wars in the current financial year (which began on October 1) of $2.5bn, which is $1.2bn less than the administration request.

The actual sum will be fixed in the coming month after further discussions involving the Senate. But whatever happens, earlier Congress decisions have ensured that the cash earmarked to Star Wars will be at least $1bn less than the Pentagon wanted.

If a similar level of cuts is instituted in the administration's budget requests in succeeding years, then the American anti-ballistic missile programme will be ticking over at little greater than the level before the SDI project was instigated. The technology-research projects would almost certainly be cut and the critics would have won.

ECONOMIC VIEWPOINT

Monetarism: far from dead

By Samuel Brittan

THE WORD "monetarism" is one which I usually try to avoid because it has degenerated in political discussion into a term of meaningless abuse. Nor has it been helped by its more technocratic advocates who have forgotten St Paul's: "The letter killeth, but the spirit giveth life."

Both the anti-monetarists and the monetary fanatics have had a field day, managing to agree on the proposition: "Monetarism is dead as a policy," after last week's Mansion House speech of the Chancellor. But they must have been reading a different speech to the *one* I read and not looked at all at the Bank Governor's speech, perhaps because the latter was not a coded attack on Government policy.

The Bank Governor's account of why it would be wrong to apply the monetary brakes bears the stamp of Eddie George, his monetary director (right)

The key teachings of "Low Church monetarism" which can also be called the "counter-revolution" are—

● That large and prolonged increases in total demand, or spending, in the economy lead ultimately to rapid inflation rather than more output and jobs. The statisticians' name for the most usual measure of demand and spending is "Nominal GDP." But this is an off-putting label for a simple idea.

● That prolonged and sustained increases in the quantity of money will boost demand and spending in an inflationary way.

These truths were known to David Hume in the 18th century and to Spanish Jesuit writers in the 16th century (who were reacting to the inflow of New World bullion). But they do not mean that it is possible to fix on one arbitrary definition of money in a complex economy based on paper money or lay down rigid guidelines for the future growth of one aggregate, irrespective of any change in the financial system or people's money-holding habits.

So far from rejecting Nominal GDP as a final objective, as Jeremy Bray claims, the Chancellor reaffirmed that the object of policy was "to deliver an appropriate growth of Money GDP over the medium term. And looking back at the implementation of policy, it is important always to check whether the outcome for Money GDP has been in line with our objective." This is a quote.

My main reservation is that the Chancellor did not repeat what he said in his Budget speech about an undershoot being as bad as an overshoot and that lower pay settlements would thus not "reduce demand," as the TUC claims

One official to whom I made these points remarked that I should have seen the glazed looks above the stuffed shirts when Nigel Lawson mentioned Nominal GDP, even briefly. This only goes to show the prevailing obsession with partisan slogans on the one hand and financial technicalities on the other, and the abhorrence of fundamental discussion of what the intermediate financial targets are *for*.

In a world where intermediate targets, whether for monetary aggregates or the exchange rate need to be changed quite frequently, only a final objective such as Nominal GDP is suitable for any medium-term strategy.

The comparisons made with the Heath-Barber boom of the early 1970s are for the moment all wrong. It is true that "narrow moneys" (ie, cash and current accounts, etc) was growing slowly in the earlier period. (This is a further reason for distrusting MO which did not give any warning signals in last winter's crisis.) But the main differences with the early 1970s are not based on MO alone but on a whole range of other monetary indicators (including M2 and Retail M1, which are probably the least bad aggregates) asset prices, exchange rate behaviour, high real interest rates, inflation trends and much else, given in detail in the Governor's speech.

Unlike the early 1970s, policy is now based on a "nominal framework," a concept which Roy Hattersley has endorsed, whether he understands it or not. By contrast, the Heath-Barber boom was based on the idea of spending oneself into target rates of output and employment growth, while leaving price and wage controls to restrain inflation.

Critics can legitimately doubt whether governments will see the new approach through. But some of the writers whom Nigel Lawson calls "young Turks" but who are better described as "Fed watchers, British-style," fail even to see the distinction with the policies of the early 1970s, which a few of us rumbled when some "Fed watchers" were still in short pants.

The Bank of England Governor, in a passage which bears the stamp of his monetary director, Eddie George, gave a detailed account of why, despite the overrun of sterling M3, it would be a bad mistake to put on the monetary brakes.

Nevertheless, sterling M3 and all other measures of "broad money" (that is money which includes savings deposits) will be monitored, and a new broad money target is likely to be fixed in the Budget. This is exactly what the Fed has done on similar occasions, with its principal target when it caused problems in 1982-83 and again early this year.

Some of the UK "Fed watchers" are confused between the correct proposition that broad money affects the growth of national income and therefore inflation, and the absurd proposition that a target based on out-of-date views on Sterling M3 velocity, or its stability, should remain for all time.

The most important observation at the Mansion House was that if there were signs of broad money, or its counterpart in bank credit, being spent in an inflationary way, monetary policy would be tightened "by a rise in short-term interest rates" and not by cosmetic techniques such as the unmourned "corset" or more recent overfunding. These remarks were made by the Chancellor, an elected politician; and he added for good measure that interest rate policy would be "cautious"

It is, of course, an open question whether the Chancellor will have the political power to jerk up interest rates when necessary in the second half of a parliament—although I think he will have to be able to do so if he is to deliver his promised tax cuts. We should be able to discuss the matter in an adult way, without hysteria or glee at the overriding of a particular intermediate indicator.

The Mansion House message on the exchange rate was more disguised. Sterling is indeed now the most important single intermediate indicator. But its desired level was stated obscurely as the average of the past 2½ years, when the pound has — with the exception of last winter's crisis fall — ranged between 78 and 85 on the trade weighted index; Recently it has been bang in the middle of this range. Watch sterling in relation to this range if you want to form a view of interest rates.

The appropriate way to state exchange rate policy over the longer term is to say that the Government will "not accommodate" inflationary pay settlements. This would provide in a different form the substance of the economist Gavyn Davies's unit cost target.

The Mansion House speeches achieved their objectives of persuading the markets that the perhaps temporary setting aside of sterling M3 did not mean inflation and a U-turn. But much more will have to be done to explain the intellectual basis both of present policy and of any feasible alternative.

Letters to the Editor

Differential taxation

From Mr D. Sussman

Sir,—Further to your article "A tale of (at least) two nations," (October 14) you highlight the structural changes in the British economy, among which one of the most significant is the move from manufacturing to service industries in terms of general employment.

A part of this is due, no doubt, to necessary restructuring through changes in technology but probably a more important factor is the considerable capital investment made by manufacturing industry under repeated and heavy pressure from governments in the last decade to modernise and re-equip. The extra impetus in capital input has undoubtedly resulted in a labour outflow and the problem remains how to maintain and improve the present base of productivity in British industry and reduce, if possible, unit costs, and at the same time strike a balance between labour and capital input which will make a noticeable contribution to stabilising employment in manufacturing industry as a whole.

There is one way, I think, that this can be done without impairing current productive efficiency and without a further flow of labour from manufacturin gindustries and that is by a system of differential taxation which encourages and values labour input as much, if not more, than capital input.

If industries which are labour intensive were rewarded with a lower taxation base on profitability as against capital intensive industries which, to date, have at least had very large tax incentives, then the overall tax take by the Government would remain the same as would, indeed, the cost per unit in labour-intensive industries.

If the declared objective of this or the next Government is not only to maintain inflation at a very low rate but to increase overall employment of labour, particularly in the manufacturing industries, then tax on labour, which at the moment is a disincentive, must at least be no more than the tax on capital.

David L. Sussman,
12, Albany Road, E10.

Advertising growth

From the Managing Director, Cooper Marketing Services

Sir, — Your survey on advertising (October 16) made interesting reading, but like many other commentators you have ignored two major developments. Perhaps, because neither fit in with the industry's perception of good advertising.

In your pie chart, directories are shown as having a share of £182m, radio of £86m, and cinema of £16m. If this had been compared with market shares six years ago directories would barely have shown. Directories are the only advertising medium that have grown both in volume and in market share consistently over the past five years. And most of this growth has come from a single medium —Yellow Pages. The interesting thing about this is that Yellow Pages is, of course, backed by a publisher who dwarfs the barons of Fleet Street and TV —British Telecom. And BT is taking an increasingly high profile in the sale of advertising and the development of new and similar products. Isn't it time that we sat up and took this medium more seriously?

Telephone marketing, although in its infancy is likely to show major growth over the next 10 years.

David Churchill in his article stated that direct mail was the major part of the direct marketing expenditure of £325m. In the U.S. two-thirds of the equivalent figure would be accounted for by telephone marketing, which is bigger than direct mail. Much of the growth will be "in house," but the success of several companies is testimony to the potential for rapid growth. The concern is that telemarketing should remain sufficiently profitable to be able to maintain, or better still improve, standards.

Guy H. Cooper.
5, Penrhyn Road, Kingston-upon-Thames, Surrey.

Protecting the investor

From Mr T. Ackland

Sir,—What system of protection for the investing public is to replace the jobber-broker organisation, on which the Stock Exchange was founded and which is now to be swept away in such cavalier fashion? In all the pronouncements on this subject since January I have seen nothing which even remotely approaches this important subject in spite of the formation of so-called "policing authorities," or should I say SRO's.

In truth the process should be re-named "the gang bang" —certainly the investing public is about to be financially raped by foreign bankers who are taking over member firms and who have no conception or regard for the traditions of the Stock Exchange or the City of London. What is more as the investing public will not know what is going on it will not even have the option of lying back and enjoying it.

We hear continuously of the enormous rewards being offered to dealers and market makers in the form of "golden handcuffs," "golden transfer fees" etc., etc. Under the pressure of these incentives are any of these people really going to worry about the odd "Chinese Wall?"

The truth is that members of the Stock Exchange have sold their heritage for rather more than a mess of pottage—everyone has their price it would seem.

T. F. Ackland.
Ashdens, 106-114, Borough High Street, SE1.

Faults in education

From the Chairman, Mecelec Developments

Sir,—I refer to the article by Michael Strutt (October 14) which highlights a gap in current training of engineers. My experience, and that of local colleagues in the various professional institutions, suggests that the situation is much more serious than indicated in the article.

Modern graduate engineers certainly have little knowledge of materials. They also have very little idea of how to apply what knowledge they have acquired to real world problems: We seem to have reared a generation of engineers who are so handicapped by their education that they quake at problems which do not resemble examination questions. They have little curiosity, no courage to venture outside the strict boundaries of their own chosen specialisation, and an inability to communicate across the interdisciplinary boundaries.

There are faults throughout the education system. We fail to encourage natural scientific curiosity at the earliest stage of schooling. This omission is compounded by education for examination and the setting of examinations for ease of marking. This industry urgently requires people of good academic ability who have been encouraged to acquire a broad knowledge and to adopt an investigative approach to real problems. We see the wrong product emerging from University, but the roots of the problem are buried deep in the educational system.

R. T. Holmes,
Llanthony Road, Gloucester.

High quality printing

From Mr J. Nichols

Sir,—I was delighted to read in Men and Matters (October 18) that Macmillans have discovered the Tenniel/Dalziel wood blocks of "Alice" safe and sound in the Covent Garden branch of the National Westminster Bank. These blocks were used by Richard Clays of Bungay to print the second and subsequent editions from 1865 onwards.

The first edition of 1865 produced by another printer was criticised by Dodgson for the poor quality of reproduction and was withdrawn at the instigation of Tenniel. The 1866 edition, printed by Clays in 1865, was highly commended for the quality of both the text and block printing.

Dodgson was surprised that the high quality of the illustrations had been achieved without the need for Dalziel to re-cut the blocks. The reason for this was that Clays had printed from electrotype impressions of the blocks. It is no doubt because of that, that the original blocks are in almost pristine condition having been used to produce only 2,000 copies for the first withdrawn edition.

J. W. L. Nichols.
Richard Clay plc, Chaucer Street, Bungay, Suffolk.

Star Wars OK

From Professor P. Thonemann

Sir,—Judging by the report from your U.S. Editor (October 18) there is still considerable confusion over the interpretation of the ABM Treaty (Salt 1). The intention of the treaty, however, is quite clear.

The relevant article reads "Article 5 (1) Each party undertakes not to develop, test or deploy ABM systems or components which are sea-based, space-based or mobile land-based."

The exclusion of fixed land-based development testing or deployment is quite deliberate. Indeed the treaty designated two fixed land-based sites from which development, testing and deployment may take place.

The conduct of the SDI (strategic defence initiative) solely at the nominated U.S. site is therefore permitted under the treaty.

(Professor) Peter Thonemann.
33, Cumnor Hill, Oxford.

FINANCIAL TIMES

Thursday October 24 1985

Deutsche Bank to raise DM 1bn in cash call

By Jonathan Carr in Frankfurt

DEUTSCHE BANK, West Germany's biggest commercial bank, is raising more than DM1bn ($380m) through a 1-for-15 rights issue, so arming itself for another phase of strong business growth.

In the action, which will boost basic capital by DM 117m, the bank will offer the new DM 50 nominal shares at DM 450 between November 12 and 26. The new shares will be eligible for the full 1985 dividend.

The move will raise the total share capital and reserves of the parent bank to about DM 7.32bn and that of the Deutsche Bank group to DM 8.76bn.

It means that the Deutsche – in contrast to some key domestic rivals – will already have met the tougher capital-to-lending provisions of the revised credit law, which took effect this year.

Under the law banks have to consolidate the business of their foreign subsidiaries and ensure that total credit volume does not exceed 18 times capital plus reserves. A transition period until 1991 is being allowed to meet the new rule in full.

In principle banks could decide to hold back their lending to help meet the tough provisions, but with its sharp boost in capital now the Deutsche has underlined its determination to press ahead with business expansion.

The bank has reported operating profit up by 7.1 per cent in the first half, and looks to be heading for another record year. Last year it earned about DM 2.8bn in operating earnings in the parent company, close to DM 4bn in the group and paid an unchanged dividend of DM 12 per DM 50 nominal share.

Business volume was down in the first half of this year – in the parent bank by 2.8 per cent to DM 139.3bn and in the group by DM 3.1bn to DM 235.3bn.

But the tempo is believed to have picked up since – and prospects are good for fairly strong economic growth in West Germany next year, implying buoyant banking business

Deutsche Bank last raised capital through a 1-for-12 rights issue at a price of just DM 250 per share in March, 1984.

Now the stock market is booming and the Deutsche share price (partly in expectation of the rights issue announcement which came later in the day) closed at DM 680–DM 10.50 up on the closing figure of Tuesday.

GM attacked for failure to boost UK subsidiary

BY PETER RIDDELL AND KENNETH GOODING IN LONDON

GENERAL MOTORS, the world's largest automotive group, has angered the UK Government by failing to come up with a formula for its Vauxhall subsidiary to increase production and the British content of its vehicles.

In the most critical public remarks yet made on the subject by a minister, Mr Leon Brittan, the Trade and Industry Secretary, said yesterday in the House of Commons he regretted that "after lengthy discussions, Vauxhall is not yet ready to go further in proving that it really is a British car producer."

He added to GM's embarrassment by contrasting its position with that of its main rival, Ford, which has told the Government it plans to maintain or increase the 80 per cent British content of the cars it builds in the UK and to make 70 per cent of its UK car requirements in its British plants.

Mr Brittan noted that Vauxhall intended to raise the UK content of its cars and light vans produced in Britain from an average of about 46 per cent last year to about 49 per cent by the end of 1985. The company also aims to increase the number of cars and light vans produced in the UK from 45 per cent of its British requirements last year to 56 per cent this year.

Admitting disappointment over Vauxhall's intentions, Mr Brittan pointed out that British component producers could help themselves "by manufacturing products which General Motors would have to recognise would have to be included on price consideration alone."

Later during Commons questions, Mr John Butcher, a junior industry minister, said: "The onus is now very much on General Motors to increase the British content of its UK build and to increase the share of the British market that it satisfies from its assembly at its British plants."

Earlier in the day, Mr John Fleming, chairman of Vauxhall, defended his company's performance and dropped a clear hint about why GM could not move ahead any faster in Britain.

"We must earn a proper return on investments that have been made and will be made. We must become self-sufficient and reward our shareholder, General Motors, for the faith it has shown in us," he said.

Mr Fleming pointed out that Vauxhall, which reported a £6.8m ($9.75) net loss for 1984 compared with a loss of £1.1m the previous year, had spent £200m at its plants at Ellesmere Port, north-west England, and Luton, Bedfordshire last year and introduced two-shift working.

Problems with new automated equipment to produce Astra cars and vans at Ellesmere Port had held back output to 25 vehicles an hour, compared with the planned 35, while Cavalier production at Luton was constrained because the paint plant could handle only 32 cars an hour.

This was being put right Mr Fleming said,

UAW claims Chrysler victory, Page 6

Belgians in TV satellite deal with Murdoch

By Ivo Dawnay in Brussels

GROUPE Bruxelles Lambert, the Belgian financial and industrial holding company, yesterday announced that it had established a joint venture with Mr Rupert Murdoch's News International aimed at developing cable and satellite television services.

The new company, to be called Media International, will lay the foundation for an international television distribution network. It will have an initial capital of BFr 25m ($460,000).

One of GBL's principal shareholders, Power Corporation of Canada, recently acquired a significant holding in Télé-Métropole, which controls one of Canada's 10 national television channels and several local stations.

The two moves represent a further consolidation of GBL's communications interests and follow closely on its recent acquisition of Editions Dupuis, a Belgian publisher whose activities extend to printing and audio-visual fields.

The new links also promise collaborative deals between Télé-Métropole and Compagnie Luxembourgeoise de Télédiffusion (CLT), the holding company for RTL which is 54.6 per cent owned by Audiofina, a GBL subsidiary.

RTL, which broadcasts radio and television to Luxembourg, France, West Germany and Belgium, has in turn been negotiating with the French authorities to take two channels on the new TDF direct broadcasting satellite scheduled to be launched next summer.

Mr Murdoch has been aggressively expanding his broadcast satellite and entertainment interests, especially in the U.S., in recent months.

M Albert Frere, GBL's chief executive, will sit with Mr Murdoch on the board of the new Media company, whose president and vice-president will alternate each year between representatives of the two groups.

The new company will consider programme production and joint acquisitions of programmes for each group's television services.

THE LEX COLUMN

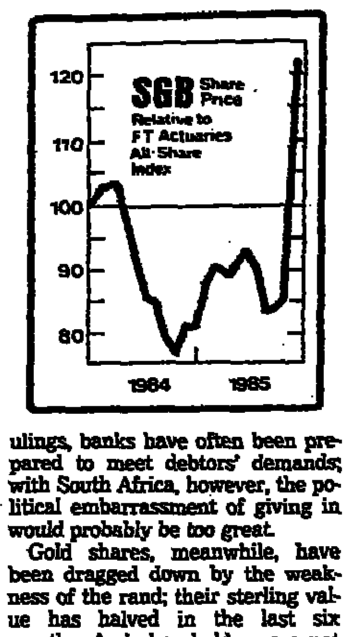
More funds for the firemen

The flotation of Fireman's Fund is neither truly an initial offering, since the company was independently quoted until American Express bought it in 1968, nor is it anything like as large in real terms as the Ford issue, which had held the record for nearly 30 years. But $824m is quite a large amount of stock for even the U.S. equity markets to digest, and that, along with a sluggish aftermarket in the recently floated stock of Rockefeller Center, explains the slightly cautious pricing of the shares at $25.75.

It looks a good moment for American Express to reduce its holding in an investment that had been one of its major headaches. After going through the wringer, property and casualty insurance has come back into Wall Street favour, looking toward big margin gains that are thought to be in store from 1986 onward. Yet the sector's chances of outrunning the market have surely been reduced by its capital raising this year (around $2bn so far).

Including the $200m or so that Fireman's Fund itself is raising through this issue, it has absorbed over $800m of capital in the last couple of years, largely in compensation for a previously rather optimistic policy on reserving.

Now that FF appears nicely set up to enjoy the improved underwriting climate, American Express can pull back the cash previously injected, strip out the life business which it still wants, offer some growth prospects to new investors and still maintain a sizeable investment.



South Africa

Yesterday's meeting of South African and international bankers only served to deepen the gloom over the chances of reaching a quick settlement on the country's external debt. In advance of the meeting, both gold shares and the rand had fallen sharply, so yesterday's small bounce back was almost inevitable. But this seems like little more than a correction while the lack of agreement hangs over the market.

When the moratorium was announced, the deadline for agreement on rescheduling terms was supposed to be the end of the year. Now this looks almost inconceivable; and the odds will be lengthened still further if the South Africans insist on longer maturities on their loans than the banks are prepared to offer. In other reschedulings, banks have often been prepared to meet debtors' demands; with South Africa, however, the political embarrassment of giving in would probably be too great.

Gold shares, meanwhile, have been dragged down by the weakness of the rand; their sterling value has halved in the last six months. And shareholders are not even being rewarded by bear market yields. Dividends payable in rands have shrunk, too, so that the average sector yield of around 12 per cent is way below its previous high of over 20 per cent in 1976. If Western banks are not prepared to lend to South Africa for eight years, why should Western investors wait that long to be paid back?

BET/SGB

BET's offer for SGB would appear to satisfy everyone but the directors of SGB itself. Whatever Beazer's original motive in launching its partial tender offer, it has at least flushed out a counter-offer which guarentees it a substantial profit on its original holding. SGB shareholders will receive more money for their shares and, what is more, for all of their shares. And BET presumably believes that its enhanced market presence in scaffolding will justify what looks a rich price.

BET was willing to play the white knight to Beazer's dark horse, and it is a matter for regret that SGB's directors have turned the latest offer down flat. SGB's profits have gone virtually nowhere for the past six years, so the board's statement that the BET offer grossly undervalues the company's prospects rather tests the credulity of the market. Confronted with a bid which values their investment at 13.8 times historic earnings – and not much less than that on a prospective basis – SGB shareholders would do well to ignore the board's advice.

The most likely challenger to the bid is the Office of Fair Trading. BET was busy playing down the significance of a 20 per cent market share in scaffolding yesterday but, given the fragmentation in that industry, the OFT may take a less relaxed view. If it is given the green light, BET believes that it will suffer no earnings dilution over the year to March. That looks a tall order, but a company which is as liberal with its paper as BET is most obliged to make such promises – and then keep them.

Halifax

Building societies are not, apparently, prepared to wait for the forthcoming Act of Parliament to be passed before testing unfamiliar ground in financial markets. Several have already ventured into the Eurobond market and now the Halifax has launched the first private sector index-linked bond.

It yields about 60 basis points more than its equivalent gilt-edged stock, and at 35 years, its maturity is ideal for insurance companies and pension funds. These institutions can now invest in small, funded accommodation without the administrative bind of having to collect payments.

Halifax, which does the job for them, takes a turn by charging housing associations around 70 basis points more for their money. But the rate is still only a compounded 4.67 per cent, which makes house-buying more affordable for people on low incomes. In return for the low interest rate, they are effectively sacrificing some of the future appreciation of their property, because their repayment of principal is index-linked.

As an intermediary, Halifax is taking most of the risks. It has avoided the problem of mismatching maturities, but it is vulnerable to bad debts and to the possibility of house prices not rising as fast as inflation.

Prices in the low end of the market have apparently correlated rather well with retail prices in the past, and Halifax at least has 35 years to iron out the bumps. But while yesterday's placing of stock was in some respects an experiment, we are unlikely to have to wait another 35 years to see rather more on offer.

Halifax launches first private sector inflation-proof bonds

BY CLIVE WOLMAN IN LONDON

THE FIRST inflation-proof UK bond to be issued by the private sector was announced yesterday by the Halifax building society.

The initial £15m ($21.45m) that the Halifax has raised for a 35-year term will finance the purchase or construction of 1,300 houses in what is believed to be the first perfectly matched portfolio of assets and liabilities to have been set up by a building society. Societies normally raise money from investors for short periods and lend it to home owners on lengthy mortgage terms.

The Halifax has the right to raise another £35m by issuing further index-linked stock in the same series. The coupon of the stock has been fixed at 3.875 per cent, but it will become linked to the retail price index (RPI). The real (inflation-adjusted) redemption yield from the stock will be about 3.95 per cent.

Mr Robert Rees from the London stockbroker W. Greenwell, which has placed the stock privately with mainly pension fund clients, said that he hoped to obtain a stock exchange listing for the bond. But first they had to overcome legal obstacles arising from the status of the Halifax as a mutually owned unincorporated organisation. The issue has been arranged by the merchant bank Samuel Montagu.

The £15m will be lent to the Milton Keynes Development Corporation and to housing associations in London's docklands, the South East, and the Midlands in England and South Wales. The money will provide housing for the elderly and single people. Some housing will be rented, while other ownership will be shared between the housing association and the occupier.

The cuts in public sector housing finance have imposed "an artificial limit" on this type of arrangement and left unsatisfied demand which can now be tapped, Mr David Couttie, the housing development controller of the Halifax said.

"Index-linked finance is ideal for this type of project but we were prepared to offer it only on a fully matched basis and not out of our general investors' funds," said Mr Richard Wheway, Halifax finance director.

The housing associations and development corporation will charge rents on the property which will rise approximately in line with inflation. They will pay the Halifax monthly interest at a compounded annualised rate of initially 4.67 per cent. Their interest payments will also rise in line with the RPI, giving the Halifax a spread of about 0.72 per cent to cover the administration costs and credit risk.

The Halifax will supply mortgage funds of up to 90 per cent of the initial value of the underlying housing stock. But Mr Couttie agreed that a bad debt risk would emerge if the market value of the housing failed to rise in line with the RPI and thus the value of the outstanding debt over the 35-year period.

Stockbrokers said yesterday that the Halifax, as the UK's largest building societies with about £22bn of assets, was one of the few with sufficient reserves to absorb the credit risk. Nevertheless, other building societies are expected to follow. A broker estimated that societies could raise £500m a year in index-linked stock.

The Nationwide building society was the first to issue index-linked mortgages and raise index-linked funds, in its case from its individual investors. But its efforts have been plagued by legal difficulties.

Building society advertising, Page 13

Pretoria debt talks stalled

Continued from Page 1

show that South Africa's total debt is $23.9bn, including $1.5bn in short-term trade credit not covered by the standstill that South Africa has asked its bankers to maintain.

The breakdown also shows that, of the total, $12bn is public-sector debt; $8.7bn is debt held by South African banks; $1.3bn is owed by the Reserve Bank and $4.7bn by private-sector borrowers. The figures are before double counting estimated at $2.8bn.

An economic analysis presented by Dr Stals to yesterday's meeting also warned of difficulties ahead if South Africa was forced to run a current-account balance-of-payments surplus over the medium term for want of fresh credit.

The analysis showed that the balance of payments was in surplus by R2bn ($774m) in the 12 months to June this year and in "sizeable surplus" in the third quarter.

"The anticipated scenario for 1986 is one of moderate economic growth with a sustained, albeit somewhat smaller, surplus on the current account of the balance of payments and no significant demand pressure on prices."

Plessey wins order from Japan

By Guy de Jonquieres in London

PLESSEY, the UK-based electronics group, has won a £250,000 ($357,500) telecommunications equipment order from Japan which the company hopes will lead to further sales totalling several million pounds a year.

The order, for 20 Monarch small private branch exchanges (PABXs), was placed by Nitsuko, a telecommunications apparatus maker. It is believed to be the first Japanese sale of digital PABXs by a UK manufacturer.

Nitsuko will use the PABXs for field trials in the next three months. The Monarch has already been approved for sale in Japan and Nitsuko has said that if the trials go well it may order as many as 500 more exchanges, worth about £6m, early next year.

Plessey says the deal was concluded in the face of competition from NEC, one of Japan's largest telecommunications makers, which owns 34 per cent of Nitsuko.

Plessey has had dealings with Nitsuko for several years, but until now only as an importer of the Japanese company's products. Last year, Plessey bought £12.5m worth of small key-system telephone exchanges from Nitsuko.

GEC plans 'Chunnel' stake

BY ANDREW TAYLOR IN LONDON

GENERAL ELECTRIC Company (UK) is negotiating to take a stake of between 5 per cent and 10 per cent in Euroroute, one of four rival groups applying to build a fixed link across the English Channel.

Last weekend British Telecom announced it was taking a stake of about 10 per cent in the British arm of Euroroute – an Anglo-French consortium proposing to span the Channel with a combination of bridges and tunnels providing road and rail links.

BT and GEC's investment will form part of the £50m ($72m) which the consortium says it needs to raise, half in the UK, to get the project to a stage where detailed funding can begin. The consortium has already spent £12m preparing its application.

The sums are small by comparison with the £8.5bn Euroroute expects to have to raise to complete the road and rail links by 1993. The majority of this is expected to come from international financial markets in development loans and new equity. Preliminary discussions have taken place in recent weeks between Euroroute and bankers and institutions in London, Paris and New York.

GEC's motives for wanting to join the consortium are understood, however, to be associated more with the possibility of winning work for its electrical engineering subsidiaries rather than with any desire to become a major long term investor in a Channel link.

Other British members of the consortium include: Trafalgar House, Associated British Ports, British Shipbuilders, British Steel, Barclays Bank and Kleinwort Benson.

Applications for a licence to build a privately-financed Channel link must be lodged with the British and French governments by next Thursday (Oct 31). Until recently it had been thought only three groups would apply, but a fourth scheme, backed by Sea Containers, has emerged in the last few weeks.

Sea Containers, the Bermuda-based shipping group which last year bought Sealink, the ferry company, from British Rail, has said that it intends to submit an application, but the company has so far declined to reveal details of its plans.

These are understood to involve twin tunnels

Reagan in bid for summit initiative

Continued from Page 1

conference in Sofia yesterday to attend the special General Assembly session commemorating the UN's 40th, anniversary, which has brought some 80 world leaders to New York this week.

Mr Reagan told the Times of India that in Geneva he would ask Mr Gorbachev to withdraw Soviet troops from Afghanistan, paving the way for a political solution there and that he would also raise other areas of "regional tensions."

He wanted to discuss bilateral U.S.-Soviet relations and "the obligation of both our nations to respect human rights."

"All of these issues are as important to us as the question of nuclear arms," Mr Reagan said. U.S. officials are saying that in particular Mr Reagan will today be blunter on human rights than in a conciliatory speech on arms control he gave to the UN one year ago.

The danger of a sharp clash on human rights at the summit was acknowledged by Mr George Shultz, the U.S. Secretary of State. Under Mr Gorbachev, "these people have a different attitude, more combative," Mr Shultz told reporters.

Fabius and Chirac head for N-tests

Continued from Page 1

Paul Quilès, the new Minister of Defence, as well as by parliamentarians and journalists. The Prime Minister had sought a stronger delegation from the Opposition to help to give the impression of a national consensus over the testing programme. But the Opposition fears – particularly on the eve of M Fabius's face-to-face debate with M Chirac – that the Government will exploit their presence for partisan purposes.

M Fabius's visit follows closely on the heels of the visit last month to Mururoa of President François Mitterrand and other members of the Cabinet.

M Chirac will find himself in the unenviable position on Sunday of having to support M Fabius's initiative. He has already strongly condemned New Zealand's opposition to French testing.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	20	68	Dubrovnik	C	16	61	Malaga	S	24	75	Salzburg	F	11	52
Akrotiri	S	24	75	Faro	S	24	75	Malta	F	22	72	Seoul	F	18	64
Algiers	S	25	77	Florence	S	17	63	Manila	—	—	—	Singapore	F	30	88
Amsterdam	S	11	52	Frankfurt	S	13	55	Miami	S	25	77	Stockholm	S	9	48
Athens	F	19	66	Funchal	F	20	68	Milan	S	17	63	Strasbourg	S	13	55
Bahrain	S	29	84	Geneva	C	9	48	Moscow	F	4	39	Sydney	C	20	68
Bangkok	—	—	—	Gibraltar	S	23	73	Munich	S	10	50	Taipei	—	—	—
Barcelona	F	20	68	Guernsey	S	11	52	Nairobi	F	26	79	Tangier	S	26	79
Beirut	—	—	—	Helsinki	F	11	52	Naples	F	18	64	Tehran	—	—	—
Belgrade	R	7	45	H. Kong	F	27	81	New Delhi	C	27	81	Tel Aviv	S	27	81
Berlin	S	9	48	Innsbruck	C	7	45	New York	S	10	50	Tenerife	S	27	81
Biarritz	F	19	66	Inverness	S	7	45	Nice	S	22	72	Tokyo	S	21	70
Blackpool	C	11	52	Istanbul	C	16	61	Oporto	S	18	64	Toronto	C	12	54
Bordeaux	S	17	63	Jersey	S	12	54	Oslo	S	7	45	Tunis	F	24	75
Brussels	S	11	52	Jo'burg	F	25	77	Paris	S	12	54	Valencia	F	21	70
Budapest	F	12	54	Las Palmas	S	25	77	Prague	S	9	48	Venice	S	16	61
B. Aires	—	—	—	Lima	—	—	—	Reykjavik	F	5	41	Vienna	S	11	52
Cairo	S	27	81	Lisbon	S	21	70	Rio de J'o	—	—	—	Warsaw	S	9	48
Cape Town	F	28	88	Locarno	S	15	59	Rome	F	21	70	Zurich	C	9	48
Caracas	—	—	—	London	S	13	55								
Casablanca	F	23	73	Los Angeles	S	13	55								
Copenhagen	S	9	48	Luxembourg	S	12	54								
Corfu	T	18	64	Madrid	S	20	68								
Dublin	S	12	54	Majorca	S	23	73								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

U.S. backs exporters

Continued from Page 1

ment have joined together to match a foreign mixed credit offer to a poor, underdeveloped country.

Under pressure from Congress, Eximbank has made offers of mixed credits in the past, mostly trying to underbid tied aid offered by the French. Of the 11 offers put forward, only three have been accepted, and one ultimately went ahead without the bank financing. Last month the bank announced that it had outbid the French to win a $44m order from Brazil for hospital equipment.

Peter Riddell in London writes: The British Government will shortly announce details of long-term soft, or low-interest, loans to be made available as part of export support packages.

Mr Leon Brittan, the Trade and Industry Secretary, confirmed in the House of Commons yesterday that the Government accepted in principle that long-term, low-interest loans similar to those offered by competitor countries should be made available in appropriate circumstances. He stressed the need for a flexible approach involving mixed credit packages. He said his department's officials were having discussions on the subject with the Chinese Government.

JOBS COLUMN

Fact and fiction about personality analysis

BY MICHAEL DIXON

TODAY'S agenda opens with an ambitious attempt to present a personality analysis of all Jobs Column readers.

The attempt is based on a technique discovered during last week's Institute of Personnel Management conference in Harrogate. Several of its sessions were devoted to the assessment of personality, which is evidently seen by growing numbers of employers as critically important in selecting people for jobs especially at a high level.

The technique has a somewhat lengthy name: Collective Listing And Procedural Testing of Remotely Analysed Personality. The result of applying it to your readers is the following brief report, and I shall of course have to leave it to you individually to judge whether the assessment is reasonably accurate. It says:

"You have a great deal of ability which you have not as yet turned to your advantage, but some of your aspirations still tend to be pretty unrealistic. You pride yourself on being an independent thinker and are reluctant to accept other people's statements without satisfactory proof. Although on some occasions you are extroverted, affable and sociable, at times you are introverted, wary and reserved."

While I have no money to stake on it, I feel confident that most readers will find the analysis a tolerably close fit. But before giving the reason for my confidence I will outline the context from which the technique developed.

The topic was raised at an IPM conference session in which psychologist Rowan Bayne, of North East London Polytechnic, reviewed the evidence for and against the belief that it is possible for human beings accurately to assess one another's personalities.

During the discussion afterwards somebody asked about the reliability of handwriting analysis, or graphology, which it seems that employers are increasingly using as part of the selection process. Dr Bayne replied that research into the matter had generally shown that graphology did not work well. Whereupon several people disagreed, saying typically that they had had their handwriting analysed and their families and friends all agreed that the result was remarkably true.

Dr Bayne then said something which gave rise to my new technique for assessing Jobs Column readers: the Collective Listing And Procedural Testing of Remotely Analysed Personality—which boils down to CLAPTRAP!

For the psychologist explained that research has also shown that there are certain personality descriptions which pretty well all people accept as true of themselves. He called them "Barnum" statements. Anyone wanting examples of them need only look at the assessment I printed earlier. It consists of nothing else.

Hence Dr Bayne's advice to people who are presented with true-seeming personality analyses based on their handwriting and suchlike. "By all means show and assessment to your family and friends," he said. "But don't ask whether they think it is true of you. Ask whether it's true of *them*. If they think so, forget it."

His own overall view on the question is that while it may well be possible to make reliable and accurate measurements of personality, it has not yet been proved to be practicable. In the meantime it is foolish to make recruitment or promotion decisions on the basis of personality tests unless their findings are supported by a well trained and thoroughly experienced interviewer.

Finance chief

A GROUP financial director is wanted by recruiter Geoffrey King for the £6.5m-turnover company Mission Electronics, which employs about 100 people at its centre in Huntingdon.

Founded in the 1970s Mission has successfully established itself in the hi-fi industry by designing, manufacturing and marketing a range of speakers and turntables as well as an advanced compact disc system. It is now expanding into the business computer field.

Having already bought a company specialising in networking products, the group is planning to set up an operation to develop and market software. It also intends to form a separate company to carry out research for the business as a whole.

The aim of course is increased sales at home and overseas—the major growth market is the United States—leading to a doubling of turnover during the next 12 months and a public listing within a couple of years or so. The newcomer to the management team, which Mr King says is of the workaholic tendency, will be responsible for the financial wellbeing for the group's operations.

Besides being able to demonstrate the intellectual powers needed to handle the strategic aspects of financial management, candidates should be technically abreast of the detailed work involved. Anyone averse to rolling up the sleeves and getting down to the nitty-gritty would be wise to refrain from applying. There will be no more than half a dozen specialist staff in support.

While experience in the electronics field would be a help, it is not essential. But applicants must be up to working in a fast-moving, entrepreneurial business.

Starting salary indicator is up to £30,000. Other benefits negotiable.

Inquiries to Mr King at Cambridge Executive Search, 1a Rose Crescent, Cambridge CB2 3LL; telephone 0223 311316.

America

NOW for a job based on the west coast of the U.S. being offered through headhunter Christopher Beale on behalf of a company which he may not name. Consequently—as is always the case when a recruiter mentioned in this column does not disclose the employer—Mr Beale promises to abide by any applicant's request not to be identified to his client at this stage.

The person sought will be president and chief executive of a marketing and distribution company which operates worldwide. The prime need is therefore success in managing a business of international scope.

The recruit, who will be expected to lead the $500m-turnover company to further growth and profitability, will also need ability to negotiate important acquisitions and joint ventures. Other requirements include experience of manufacturing start-ups, and skills in finance, marketing and dealing with people.

Pay and perks in the $180,000-$200,000 range.

Inquiries to Christopher Beale Associates, 63 Grosvenor Street, London W1X 9DA; tel 01-499 6901, telex 24520.

Banking

RECRUITER John Williams seeks a skilled currency economist and forecaster to join a London merchant bank's specialist team serving corporate clients in Europe and America as well as in Britain. Fluency in languages other than English would help.

Salary £28,000 or more depending on experience, plus car and usual City banking benefits.

Inquiries to Russell Williams and Associates, 45 St Mary's Rd, London W5 5RQ; tel 01-579 1082.

Engineering

LASTLY to East Anglia where a managing director designate for a 2,000-employee engineering company is being sought by recruiter Ray Adams of Cambridge Corporate Consultants (7 Green St., Cambridge CB2 3JU; tel 0223 313791).

Candidates should be successful in managing the production of hardware including vehicles, and have experience in marketing and selling to defence departments and armed services.

Dr Adams puts the salary at about £35,000 with car and equity share among the perks.

International Banker

Middle East — **from US $100,000**

Our client is one of the largest banks in the Middle East with a strong domestic network and a substantial and growing presence internationally.

You will be responsible to an Assistant General Manager for planning and controlling the international operations of the bank and will play a key role in the next phase of the bank's development.

Probably aged over 40 you will already be at a senior level in banking and ideally will have had experience of working overseas as well as in your home country. Maturity, tact and flexibility are essential attributes. Remuneration is for discussion and should not be a limiting factor.

Please write in confidence to John Cameron, quoting ref. CF434, at 11 Gough Square, London EC4A 3DE (telephone 01-583 3911).

Chetwynd Streets
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DIVISIONAL MANAGING DIRECTOR

Manufacturing professional — **around £40,000**

Our client – a British plc based in the North West – is an industrial holding company with an exceptional growth record and a taste for acquisition.

The initial role will be to realise the full potential of a division comprising several diverse manufacturing businesses. Success will quickly earn wider responsibilities and further career progress in a group with ambitious plans and demanding standards.

The requirement is for a manufacturing and technical career background leading to outstanding general management success as an MD in manufacturing industry. Age probably around 40.

Total commitment is essential; profit generation is the yardstick.

The remuneration and benefits package fully matches the importance of the appointment and includes a Jaguar car.

Please write – in confidence – to D. A. Ravenscroft.

Ravenscroft & Partners
Search and Selection
20 Albert Square, Manchester M2 5PE

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SENIOR UNDERWRITING DIRECTOR

AEGON Insurance Company (U.K.) Limited seeks a Senior Underwriting Director to head up the Company's City based Non-Marine Underwriting team and to be responsible for the control and development of the Company's future underwriting policy. Technical underwriting skills and proven managerial ability within U.K. composite or London based independent companies are essential.

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Reply in strict confidence to:
P. Nicholson Smith, *Chairman*,
AEGON Insurance Company (U.K.) Limited,
136 Fenchurch Street,
London EC3M 6BL.

Financial Adviser to International Entrepreneur

London-based — **£25-30,000, etc.**

Our client is an international entrepreneur with very substantial personal and corporate assets in the UK, Western Europe and the USA. He seeks, as his Personal Financial Adviser and Finance Director of his various companies, a qualified accountant aged 30-45.

You should be familiar with the disciplines and techniques of corporate management and have an interest in and knowledge of international currency and security investments, property and taxation. A shipping background and a second European language after English would be an advantage, as would the ability to travel as necessary.

The main personal qualities sought are maturity, a willingness to work as the particular circumstances require, a sense of responsibility, efficiency and a degree of self-reliance.

The terms offered include a basic salary of up to £30,000, fully expensed car, etc. and are subject to negotiation to meet individual needs and circumstances.

Please send a detailed c.v., including contact telephone numbers, in strict confidence to Peter Wilson FCA at Management Appointments Limited (Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN Tel: (01) 930 6314.

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Telephone 01-353 8011.

Touche Ross
Management Consultants

Currency Investment Manager

Major US Bank

Our client is a prime New York bank with a considerable international presence. They currently seek someone with extensive treasury experience to develop and manage a currency investment function in London.

Initially you will be required to establish relationships with corporate clients and will advise them on appropriate strategies for handling their portfolios, in the light of actual market movements and your own future projections. You will also be expected to advise on the bank's medium term role in foreign exchange markets, including foreign currency capital exposure and work in close liaison with their spot and forward dealers.

It is essential that candidates have broad experience in FX. This should include trading major currencies in a respected, *high pressure dealing environment as well as a proven record of developing significant client* relationships and profitable management of investment portfolios.

Applicants with the requisite experience and the ability to work in this demanding environment should write to Christopher Smith, enclosing a comprehensive curriculum vitae, at 39/41 Parker Street, London WC2B 5LH, quoting ref: 3565, and stating any bank to which they do not want their details to be sent.

MP
Michael Page City
International Recruitment Consultants – London Brussels New York Sydney
A member of the Addison Page PLC group

Financial Director Designate

Central London — **c£22,000 + executive benefits**

Our client, part of an international UK based information systems group, is involved in the design and provision of specialist software products for Electronic Publishing and now requires a Senior Financial Manager who will play a vital role in the overall development and management of the business.

The company has expanded rapidly and needs to enhance the already tried financial team with the emphasis on improving management information and control.

Future financial planning and strategy is key to the new role.

Candidates for this appointment will be qualified accountants aged in their 30's, with a business orientation, who can clearly demonstrate a successful career to date in financial/business management preferably within a service industry environment.

Interested applicants should write, enclosing a full CV and quoting reference number: 11/46 to:

AGB Recruitment
173 Sloane Street, London SW1X 9QG
Telephone: 01-235 9891
A member of the AGB Group of companies

بنك الرياض

RIYAD BANK

Head Office – Jeddah

Riyad Bank, a leading Saudi Arabian bank, seeks to fill the following positions at its head office in Jeddah.

Treasury – Dealers
Circa USD. 60,000/=

You will have a minimum of three years' experience in foreign exchange and deposits gained with an active dealing bank and be familiar with new market products.

Domestic – Corporate marketing Officers – Circa USD. 50,000/=

We are establishing corporate banking units in the main commercial centres of the kingdom. Your responsibility would be to solicit, develop and sustain customer relationships in the assigned regions of Saudi Arabia. You should have experience in the delivery of wholesale financial services.

A fully competitive package will be offered to the successful candidates. Bankers with suitable qualifications, motivation, adaptability and experience are invited to submit their applications in strict confidence to: the Chief Manager, Riyad Bank, London Branch, Licensed Deposit Taker, Temple Court, 11 Queen Victoria Street, London EC4N 4XP.

Opportunities in Development Capital

Edinburgh

Charterhouse provides merchant banking and development capital facilities. Due to its continuing growth in Scotland and the North of England, it requires to recruit **TWO YOUNG EXECUTIVES.** Suitable candidates are likely to be qualified accountants or commercial lawyers aged between 25 and 35. However, candidates from other disciplines with commercial experience will be considered. First class interpersonal skills and an excellent knowledge of commercial law and taxation are essential, and two to three years' relevant experience in industry, investigation work or merchant banking would be a significant advantage.

These are excellent opportunities to join an expanding and successful team in Edinburgh. Competitive salaries are offered and attractive banking benefits include non-contributory pension, BUPA and mortgage assistance.

Please write with full personal and career details to George Shiels, Director, Charterhouse Development Ltd, 26 St. Andrew Square, Edinburgh EH2 1AF.

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A Member of The Royal Bank of Scotland Group plc

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The analyst must have: International banking background (5 years). Experience in correspondent banking or credit area management. Solid knowledge of all facets of banking operations, including accounting practices. Background in treasury, dealing room or with securities house would help. Fluency in two languages required (English, French, Arabic or German). Must be 27-33 years of age.

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The Vice-President must have: International banking background (5 years). Experience in business development with strong management capability. Experience in bank credit analysis to lead a team of financial and accounting analysts. Strong knowledge of correspondent banking and experience in the Middle East with central banks and monetary authorities. Fluency in two languages required (English and Arabic). Must be 33-40 years of age.

Bank Monitoring Service. Marketer. U.S. $40,000 p.a. plus generous benefits.
The Marketer must have: International banking background (5 years). Minimum 5 year international experience in marketing service to financial institutions and financial departments of major corporations. Familiar with banking operations. Fluency in two languages required (English, French, German, Japanese, Chinese or Arabic). Must be 27-33 years of age.

Applicants, who must be ready to travel, should write with curriculum vitae and one photo, to:
Bank Monitoring Service, P.O. Box 800, London SF4 1UH, England.

FINANCIAL ADVISER

Promoting a range of personal financial services is not something to be taken lightly.

The Hill Samuel name is well-known and respected in financial circles. To ensure that the successful candidates are able to live up to that name when advising clients on how best to manage their money, we provide thorough training and strong back-up at all times, both at the local and head office level.

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Contact Mr. M. Crowe
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FOREX

APPOINTMENTS

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Operations Director Designate

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to £30,000 + low cost mortgage + car

A subsidiary of a major international banking group, our client specialises in the provision of a confidential receivables financing and factoring service to developing businesses. Well established and profitable, the company has achieved impressive growth at the top end of this highly competitive market and is forecasting continuing expansion.

Reporting to the Managing Director and supervising 15 staff, the Operations Director Designate will be responsible for the management of existing business: client liaison, loan administration and credit/collection departments.

As a senior member of the company's executive he or she will be closely involved in the development of corporate strategy and company policy and be expected to make a major contribution to their achievement.

Aged 30-40, applicants must have senior management and supervisory experience, preferably gained within the factoring industry.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/329/MF.

Lloyd Management

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

GENERAL MANAGER

North West — **Salary up to £29,000 + Car**

Girobank plc is seeking to appoint a General Manager to control and further develop its corporate and personal banking business in the North West Region from a well-established and profitable base. The Bank's North West Regional Office was established in 1981 and now has almost 250,000 active accounts and employs 200 staff

Reporting to the Director Customer Services the General Manager is responsible for providing leadership and direction to Corporate Services, Personal Account Services, Credit Management and Public Relations functions to achieve the highest standards of service and performance and profitable development of the Bank's Regional activities.

Candidates for this position will be able to demonstrate strong skills and experience in senior Financial or Sales/Marketing management within a commercial, preferably financial services, environment. Proven leadership qualities are essential, together with the standing and presence to meet and influence businessmen from the top levels of the commercial, social and economic spheres of the Region, and the determination to forge out new growth and business opportunities for the Bank.

Commencing salary is negotiable up to £29,000: further performance related salary progression is possible. Other main benefits in addition to Bank car, are 5½ weeks holiday and contributory index-linked pension scheme. Assistance with relocation to within reasonable daily commuting distance of the Liverpool base, will be provided where necessary

Girobank is an established UK Clearing Bank with a substantial growth record in both corporate and personal banking markets and further growth and diversification is planned.

Please reply in writing outlining career, salary progression and how your skills and experience match the requirements of the job to: Peter J Farrer, Head of Management Development, Girobank plc, Bridle Road, BOOTLE, Merseyside, G1R 0AA.

NATIONAL Girobank

Head of Internal Audit

over £25,000 + car

Our client, a well-established and reputable bank, has created this new position of Head of Internal Audit.

This challenging and interesting job will carry responsibility for the direction, development and maintenance of an effective and efficient inspection and internal audit function throughout the organisation.

The person we are seeking is likely to be in his or her mid-30s to mid-40s and a qualified Chartered Accountant. Relevant audit experience, preferably gained in a large commercial or financial organisation and desirably with computer systems, is required. Enthusiasm, an analytical mind, plus an ability to deal with staff at all levels are essential qualities.

If you are interested in this senior post which carries a very attractive reward package and opportunities to move to other parts of this major banking group, please telephone or write for an application form, in confidence, quoting **Ref: 302/IA.**

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HongkongBank Limited

Capital Markets

HongkongBank Limited, which is the European Merchant Banking arm of the HongkongBank Group, is continuing the expansion of its Capital Markets Division and is now looking for Executives to assist senior management in the field of product development and marketing. The Division's activities include primary and secondary market activity in straight bonds and FRNs, private placements, euronotes and CDs, as well as swaps, options, RUFs and other syndicated loan products.

The ideal candidates will be ambitious and probably in their mid-twenties with a degree or other suitable qualification. They will have worked in a relevant financial institution for at least 2 years and gained familiarity with credit risk assessment, the structure of major international financings and documentation. Opportunities for promotion are extensive and are not confined to the UK. Salary is negotiable.

Applications, which will be treated in strict confidence, together with C.V. should be sent to C. E. Fiddian-Green, Wardley House, 7 Devonshire Square, London EC2M 4HN.

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Due to internal moves, we are looking to employ a new manager to continue the development of this retail and commercial banking venture.

The successful candidate should be a truly professional banker who has the ability to continue the development of this office.

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Wish to appoint an

OFFICE MANAGER

The person selected need not hold such a position at present but must have relevant experience and be willing to become involved in all aspects of administration.

We would also be particularly interested to hear from

PRIVATE CLIENT EXECUTIVES

keen to further themselves in a busy environment outside London, and we may be able to offer a choice of locations to the right individuals.

Contact David Hannibal at 5 High West Street, Dorchester, Dorset DT1 1UJ Telephone: 0305 65252

Jonathan Wren

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We have been retained by a high profile Fund Management Group to recruit a dynamic, young Investment Executive. Applicants will be required to demonstrate above average ability in the management of Private Client Portfolios and/or unitised funds in Smaller Company stocks. This demanding position will afford the successful candidate a rare opportunity to establish an individual reputation in the City. The remuneration package will include performance bonus, mortgage subsidy and company car.

Contact Roger Steare or Bryan Sales.

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On behalf of a leading Merchant Bank, we seek a highly professional Graduate Banker, (M.B.A., A.C.A., or L.L.B. preferred), aged 32-36 years, whose extensive involvement in cross border leasing activities at senior level has resulted from first class negotiating, pricing and structuring skills. The ability to identify International business opportunities and the technical creativity to formulate individual financial packages of a highly complex nature will identify the successful candidate. The salary indicated is designed to attract exceptional International expertise, and will not prove a limiting factor.

Contact Jill Backhouse or Brian Gooch.

OPERATIONS MANAGER — London — c.£30,000

On behalf of two US Banks we seek applications from candidates aged 32-38 years who can clearly demonstrate a successful career to date in the operational procedures covering Forex, Lending, Systems, and hopefully, Capital Markets. Good management skills are a pre-requisite, and experience gained in a US Bank is preferred. Although normally London based, some European travel is envisaged, hence fluency in a second European language would be advantageous.

Contact Norma Given or Brian Gooch.

LEASING EXECUTIVES — to £20,000

A major Leasing Company currently seeks to appoint additional Leasing Executives at present employed in Leasing subsidiaries of Banks or Leasing Companies. Applications are therefore sought from candidates with a proven track record, aged 25-30 years, who possess a relevant Degree or professional qualification (M.B.A., L.L.B. or A.C.A.), together with a minimum of two years marketing, technical, and administrative experience of Big Ticket Leasing transactions.

Contact Jill Backhouse or Brian Gooch.

BOND OPERATIONS

As an integral part of their development and expansion programme, our Client, a Major Bond Issuing House, seeks to make two important appointments:-

HEAD OF SECURITIES — c.£60,000 +

A key appointment to be made at senior level. The appointee will head a large department and be responsible for all aspects of Bond Settlement Systems, procedures and manpower resourcing, encompassing New Issues, Primary and Secondary Market Settlement activities. Candidates should be familiar with computerised system development and enhancement, and demonstrate excellent people management and communication skills.

Contact Bryan Sales or Roger Steare.

SETTLEMENTS MANAGER — c.£25,000 +

The person appointed will manage a substantial Secondary Settlement area. Candidates should have extensive experience covering all aspects of Bond Settlements (including Primary and New Issues) using computerised procedures, together with the ability to recognise and specify enhancement requirements. Management and development of clerical staff is important, as are good written and oral communication skills.

Contact Bryan Sales or Roger Steare.

All applications will be treated in strict confidence

SYDNEY — HONG KONG

Jonathan Wren Recruitment Consultants

170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

COMMERCIAL BANKER

Manchester Board Potential

The Financial Services Division of Burns-Anderson PLC requires an experienced banker, AIB qualified, to augment the management team of its expanding LDT, Burns-Anderson Trust Co. Ltd.

Having a detailed knowledge of banking practice you will be responsible for all aspects of banking administration. Capable of creating business you will also ensure that business with existing clients is maximised.

The post offers an excellent career opportunity, including a directorship of the LDT in due course. The negotiable salary reflects the post's seniority, and attractive fringe benefits comprise non-contributory pension, life assurance, BUPA, car and future share options.

Male or female candidates send CV's to Dorian Marks, Durston & Marks Search and Selection Ltd, No 1 Central Street, Manchester M2 5WR. Tel: 061-832 2266 (24 hours) Ref 2234/FT

DURSTON MARKS SEARCH AND SELECTION LIMITED

ASSISTANT PLANNING MANAGER

Circa £16,000 pa — **South London**

Our client – an international engineering company – is looking for a management accountant to work with a small team in their business planning function The successful candidate will be responsible for the preparation, co-ordination and monitoring of plans for nine separate operating divisions covering both service and construction activities. In addition, you will be involved in a large development project to expand the management information database

This is a pro-active management accounting role involving a high level of contact with directors and senior line management and therefore demands a strong-willed, competent self-starter, preferably with experience in an engineering or construction environment

If you're in your mid-to-late twenties, have a minimum of 2/3 years post ACMA/ACCA experience in the production of monthly management reports plus practical experience of micro-computers, ideally IBM with Lotus 1 2 3 Software, and feel you can meet this challenge we would like to meet you

In the first instance please contact our recruitment consultant, Ron Fear, on 01-491 7407 (day) or (0376) 62159 (evenings and weekends)

Probe Management, 33 St. George's Street, London W1R 9FA.

Probe Management

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Investment Analysts
The City to £22,000

An institution managing assets currently approaching £1 billion is establishing and developing a research capability under a newly-appointed Head of Research.

Analysts are now needed to take charge of various UK sectors and overseas markets. These new appointments will appeal to numerate graduates with drive and ambition . . . and around two years' experience of fundamental analysis within a large financial institution.

Success here could lead to either more direct involvement in portfolio management or a rewarding long-term future in international research.

Salaries will be negotiated up to £22,000, depending upon age and experience, and supported by a range of appropriate benefits.

Please send full cv, including current salary details, which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) **Ref: R2065/FT.**

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Treasurer
Oil Trading c£27,000

The UK subsidiary of a US Oil Group is seeking a Treasurer. The London based operation acts as a representative office and trades in oil products in international markets.

Reporting initially to the present Treasurer, the successful candidate should succeed him within 3-6 months and will be responsible for treasury activities in the Eastern hemisphere, encompassing all aspects of cash, funding and exposure management. In addition to strong technical expertise, he or she must have the confidence and personal credibility to maintain and develop positive relationships with the company's bankers, suppliers and customers.

A recognised qualification in accountancy, economics, finance or business administration is preferred together with a minimum of 3 years treasury experience gained in a trading environment.

The remuneration package, which is negotiable, will be increased on confirmation of appointment to Treasurer.

Please reply in confidence, enclosing career details and quoting reference 5797/L to the company's advisor, Valerie Fairbank, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Finance Director
c.£30,000 Package + Car Thames Valley

As one of the most aggressive and successful management services companies in the present day UK market, my client has already built a £50m turnover business employing over 3,000 people. Developing from a base in food service, the UK company now operates 5 diverse business divisions – each presenting its own special challenges.

In addition to heading the central accounting, treasury and taxation functions you will use your well developed commercial flair to play a full role in the financial planning, development and control of the business.

Aged in your 30's you will already be established at senior level with several years experience in a multi-site, multi-business organisation under your belt. Probably a graduate chartered accountant, or equivalent, you will be well versed in computer based financial systems and be able to demonstrate the communications skills needed to influence all levels of management.

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In the first instance, send a CV, listing separately any companies to whom we should not send your details, to the **Confidential Reply Supervisor (Ref KN77), Macmillan Davies & Howard, The Old Vaults, Parliament Square, Hertford, Herts. SG14 1PU.**

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We are particularly keen to meet entrepreneurs in the North West, Yorkshire and London.

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We have been retained by a major international bank to recruit the following:

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Managing a compact high powered team, you will be responsible for preparing statistical records; balance reports; providing management with daily up dates; planning and implementing organisational changes; administering credits and loans; and liaising with other departments within the bank.

Though formal bank qualifications would be advantageous, a minimum of 15 years' previous banking experience is essential.

The successful applicant will be expected to remain aware of external developments likely to affect both Documentary Credits and Syndicated Loans.

CPU Manager to £20,000

A sound knowledge of central processing units, preferably with experience of NCR hardware, is required for this critical appointment with the bank.

A broad understanding of international banking operations is a prerequisite.

In addition to the supervision of two computer operations staff, prime areas of responsibility will cover security control; disaster recovery; and EDP auditing.

Assistant Manager — General Banking to £15,000

This position would suit someone with experience gained from the Sterling Payments department of the international division of a major clearing bank.

Responsibilities will encompass negotiation and collection of cheques, dealing with bankers' payments, London clearing and the supervision of sterling and foreign exchange cashiers.

A senior position, the successful candidate will not be younger than 35, and possibly be an experienced banker having taken early retirement.

In addition to the excellent salaries quoted, remuneration will include normal banking benefits including mortgage subsidy.

Please apply in writing with full CV or telephone George Shaw on 01-638 0382 for an application form and full job description.

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CONFIDENTIAL ADVERTISING

Fixed Interest Market Analyst

J. Henry Schroder Wagg & Co. Limited, one of the *leading U.K. merchant banks, is looking for a Fixed* Interest Market Analyst to develop bond research in its expanding Credit and Capital Markets Division.

The successful candidate will be involved in conducting analysis and commentary on the principal Euro and domestic fixed interest markets, with special emphasis on sterling, ECUs, European and Far Eastern currencies and will provide information and advice to borrowers and investors in these markets and will give support to the Sales and Origination Teams. Close liaison with the Bank's Economics Department will also be involved.

Applicants are likely to have the following characteristics:

- Mid 20's
- Experienced in investment/security analysis
- Numerate and literate
- *Market oriented with a special interest in currencies* and interest rates.

A fully competitive salary is offered together with an attractive range of benefits including mortgage subsidy and a generous non-contributory pension scheme. Career prospects within the Schroder Group are excellent.

Applications in writing, with full curriculum vitae, should be sent to: Mr. John R. Lambert, Head of Staff and Administration, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Schroders

GILT EDGED ANALYST
Salary negotiable

PosTel Investment Management Limited are investment managers for the British Telecom and the Post Office Superannuation Schemes with investments totalling some £10 billion.

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The successful candidate would undertake the analysis of gilt-edged and index-linked markets, deal in such securities and monitor the performance of the Funds managed. Applicants should be graduates with a high level of numeracy. Familiarity with the techniques of gilt marqet analysis and a minimum of two years' relevant experience is essential.

Please write with full career details stating salary required to:

Sheena Gibson, Personnel Manager, PosTel Investment Management Limited
Equitable House, 48 King William Street, London EC4R 9DD

PosTel
Investment Management Ltd

Credit Officer

required by leading German Bank to become involved in all aspects of Credit and Documentation function in an expanding department. 2/3 years experience of Loan Administration & Credit Analysis with working knowledge of German language required. Salary neg. in range £12,000/£14,000 p.a., AAE, mortgage subsidy, non-contributory pension, BUPA & LV's.

Applications withr C.V. to: Miss L. Claydon, Personnel Officer,
DG BANK—Deutsche Genossenschaftsbank,
6 Milk Street, London EC2V 8DY.

GIRTON COLLEGE
CAMBRIDGE
VISITING INDUSTRIAL FELLOW-COMMONERSHIP

Girton College, Cambridge, invite applications for a Mary Amelia Cummins Harvey Visiting Industrial Fellow-Commonership to be held during the Michaelmas Term 1986. The object of the Commonership as far as the College is concerned is to provide an opportunity for the undergraduates and graduates of the College to learn more about the possibilities of working in industry and the requirements of employers; for industry to *form closer links with academics in their own areas of interest* and to undertake a project of their choice within the academic environment. Ideally the Commonership is for a company middle-manager whose age would be in the 30s.

The emoluments forthe Fellow-Commonerwill be determined by the College and be within the range of £1,000 for the term together with free residence and free board. The person appointed *would be invited to visit College during the previous term for* a day (or more if necessary) to meet people in relevant areas of interest so that the project to be undertaken could be prepared in advance.

Applications, containing a *curriculum vitae*, should be sent to the Secretary to the Council, Girton College, Cambridge, CB3 0JG, to reach her not later than 2 December 1985. Interviews will be held on either Tuesday, 17 December or Wednesday, 18 December 1985.

INTERNATIONAL BANKING

CORPORATE MARKETING £15,000-£25,000

A number of opportunities currently exist for top-quality lending/marketing bankers, principally in the broad U.K. corporate sector but also in the more specialist spheres of Capital Markets Syndications, Financial Institutions.
Each demands a strong academic background and successful relevant experience (at a level appropriate to an age range 25/35), in return they extend ample challenge to those with clear growth potential.

CREDIT ANALYSIS £12,000-£24,000

We currently seek, on behalf of several merchant and international banks, credit analysts with a good degree together with well-developed "technical" skills and experience; fluency in French would, in one or two cases be a decided advantage. Age 24/30.
Some appointments embrace either immediate or projected marketing involvement whereas others will be of appeal to *those whose interests and aptitudes lie in credit management.*

QUALIFIED ACCOUNTANTS £12,000-£18,000

Financial Control, Audit, Credit, Corporate Finance; these are areas in which possibilities occur for young accountants with sound, even if very brief, post-qualification experience.

Please telephone John Chiverton or Ann Costello

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01-623 3861

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Thomson McKinnon Securities Inc., a major U.S. investment firm is expanding its London office, and is looking for outstanding Account Executives in securities and commodities or those with exceptional potential.

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Thomson McKinnon International
Greenly House
40 Duke's Place
London EC3A 5HJ Tel: 626-1511

QUANTITATIVE INVESTMENT ANALYST
BARING INTERNATIONAL INVESTMENT MANAGEMENT

formerly known as *Henderson Baring Management.* It is an independently-managed subsidiary of Baring Brothers, specialises in Far Eastern equity management for worldwide *institutional clients and non-U.S. equity management for U.S.* and Canadian clients. Funds under management total $1.6 billion.

We are seeking to employ someone in their early 20s to work in our London office and develop our quantitative investment techniques. The position is likely to appeal to a graduate with a mathematical background who has worked for an investment management or stockbroking firm for a few years. He or she may be frustrated by the lack of scope to put into practice their mathematical training.

A competitive package is offered to the right person.

Please write with full curriculum vitae to:
Miss S. Harrison
Baring International Investment Management (UK) Limited
9 Bishopsgate, London EC2N 3AQ

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We are now poised for our next expansion phase and require additional Account Executives to service our growing private and institutional clientele.
Applications are invited from existing representative licence holders and from those seeking to establish a new career in *the securities industry. Full on-the-job training will be* provided at our modern Central London offices.

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18 Eldon Street, Moorgate, London EC2M 7LA

Financial Times Thursday October 24 1985

Accountancy Appointments

ACCOUNTANCY APPOINTMENTS

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Assistant Audit Manager
–Lloyd's Experience

This appointment provides an outstanding career opportunity for a person with flair and experience of the Lloyd's market.

Following our recent approval by the Council of Lloyd's as syndicate auditors, a unique opportunity has arisen for a talented and technically competent accountant to play a key role in the expansion of our insurance practice.

Aged 25-30, he/she will assist in the development of our specialist Lloyd's capability as well as the promotion and marketing of these services.

Applicants should be qualified chartered accountants with at least 2 years' experience in the auditing of Lloyd's syndicates and agents.

An attractive salary will be offered together with benefits commensurate with a major national firm, including contributory pension scheme, life assurance and PPP.

Suitably qualified candidates should write with a full CV to Miss Jo Cook, at the address below, or telephone for an application form.

BinderHamlyn
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Binder Hamlyn Chartered Accountants
8 St Bride Sreet, London EC4A 4DA
Telephone 01-353 3020

Recently Qualified

North, South and West London — to £16,500

A major division of a highly regarded plc with wide industrial and commercial interests is seeking three recently qualified chartered accountants to strengthen its finance function.

These appointments offer excellent opportunities either to gain immediate line experience in the manufacturing and marketing environment of an operating unit, or, to work closely with a senior financial controller at head office, with possible secondments to subsidiaries.

If you are looking for a first move from the profession and are keen to gain real involvement at the 'sharp end', then these positions will be of interest to you.

One of the roles may suit a candidate who has already gained two or three years industrial experience. This would be reflected in the salary package, which is negotiable.

Please write in confidence enclosing career details and quoting reference 2801 to Anne Routledge, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria St., Blackfriars, London EC4V 3PD.

PEAT MARWICK

Partnership Secretary

London solicitors — c.£27,500

This central London firm has a wide range of corporate and private clients, and the level of services provided is very dependent on the efficiency of its internal administration. Key dimensions of this new post are to review and refine the financial planning and management information systems of the practice; and to develop further relevant information technology within the firm. The Partnership Secretary will control a dozen staff involved in administrative activities and must be able to work effectively at partnership level in this 90 employee office. Candidates will preferably be qualified accountants, in the 40s – early 50s age range, who must bring a broad-based background of administration in a well-managed commercial organisation. Base salary negotiable with other benefits flexible to suit individual circumstances.

Please send career details, indicating current salary, in confidence, to Michael Egan, Ref: PF26/9570/FT.

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PA Personnel Services

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Hyde Park House, 60a Knightsbridge, London SWIX 7LE.
Tel: 01-235 6060 Telex: 27874

Group Financial Controller

S.E. Berks

c £18,000 + Car

Our client is a major supplier in its sector of the food industry and numbers most of the well known High Street names amongst its customers. The group is investing heavily in new products and is well on course to shortly break through the £100m turnover mark.

But trading conditions are tough and call for skilled financial management. They therefore wish to appoint a high calibre Financial Controller to play a key role in the development of this listed group.

The responsibilities will be wide ranging and include in-depth involvement in such matters as corporate planning and budgetary control, acquisition and capital investment appraisals, cash management, the preparation of management and statutory accounts and systems development.

Applicants will be Qualified Accountants, aged 27-45, with several years experience in industry. High technical skill, sound commercial awareness and a sharp analytical mind are all important requirements.

Salary will be negotiable c £18,000 and there will be an attractive package of benefits including a car.

Please send concise details, including current salary and daytime telephone number, quoting reference C2026, to W. S. Gilliland, Executive Selection Divison,

Thornton Baker Associates Limited, Fairfax House, Fulwood Place, London WC1V 6DW.

CONTROLLER

This long established and widely respected UK Plc seeks an accomplished young accountant to take full control of finance for its major operating unit. This is a commercially exposed position calling for drive, initiative and commitment to excellence. Suitable candidates will be qualified accountants with at least 2 years PQE gained in a service industry. The potential to progress to senior levels is essential. Ref: PAB.

CITY — £20,000+Car

FINANCIAL SERVICES

A leading company in the financial services sector requires a Financial Controller to take responsibility for the running of its H.O. Accounts department. Key responsibilities will include the review and implementation of financial controls and assisting in the computerisation of the Group's accounting systems. Candidates must be qualified accountants with strong communication skills and an ability to make rapid career progress in this expanding company. Ref: SW.

CENTRAL LONDON — c.£20,000+Car

MARKETING

This new FMCG subsidiary of a major international group requires a Marketing Accountant for its UK sales and distribution operations. Effectively the UK No. 1, setting up systems and comprehensive financial controls for anticipated rapid expansion, you will be working to tight deadlines in a lean H.O. environment. Prospects are outstanding. Candidates should be young qualified accountants seeking challenge in a dynamic changing environment. Ref: GR.

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BANKING

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Our Client is a substantial and expanding International Bank with growth plans for its UK operations.

A qualified Chartered Accountant is required to supervise the accounting and reporting function of its London Branch and to contribute to the development of procedures and systems. The successful candidate will also be expected to undertake various special projects for the senior branch management.

Candidates, essentially Chartered Accountants in their late 20's, must possess previous banking experience, either directly or from the banking or consultancy division of a top professional firm.

This is a management appointment offering a clear-cut opportunity to contribute to a growing organisation of stature, with the prospect of broadening one's banking knowledge and experience. Salary and benefits will be in line with the best City practice, and will include a subsidised mortgage facility, n/c pension scheme and a car.

Contact Norman Philpot in confidence on 01-248-3812

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FINANCIAL CONTROLLER

SOUTH BUCKS — neg. c.£18,000+CAR

Our client seeks a young qualified ACA/ACCA/ACMA in the probable age range 25-35 to fill the position of FINANCIAL CONTROLLER which has been newly created due to previous and ongoing fast expansion which has added c.33% to turnover in the current financial year.

The parent company is a major BRITISH RETAIL GROUP with annual turnover in excess of £600m and a FULL RELOCATION PACKAGE is available if required.

Reporting to the FINANCE DIRECTOR, the successful candidate should have a good track record including experience of staff supervision in a commercial/industrial environment and be capable of playing a pro-active role in assisting with the continuous evolution of MANAGEMENT REPORTING SYSTEMS as the subsidiary's rapid growth is foreseen to continue through 1986-1990!

THE PROSPECTS ARE EXCITING! If you have the ability to motivate staff whilst working hard yourself, can demonstrate a pleasant personality whilst being commercially combative and want to be part of a CONTINUING BRITISH SUCCESS STORY

Please send your C.V. and/or telephone:
GEORGE D. MAXWELL
Managing Director
ACCOUNTANCY APPOINTMENTS EUROPE
13 Mortimer Street, London W1
Tel: 01-580 7695/7739 (direct)
01-637 5277 ext 281/282

Accountancy Appointments Europe

Assistant Financial Controller

Berks — £17,500+bonus+Car

THE COMPANY A profitable and rapidly expanding hi-tech subsidiary of an American multi-national engaged in the computer peripheral equipment industry.

THE OPPORTUNITY Recent re-organisation to facilitate future growth has created a new position offering a genuine career path to a 'hands-on' accountant seeking to develop their potential in an exciting environment.

YOU Will be professionally qualified with commercial experience in your late 20's or early 30's with the maturity to make a major contribution to the company's success. You will be confident of your man management skills – a good communicator and be prepared to work as part of a small but effective team.

THE ROLE Reporting to the Financial Controller your brief will be to improve efficiency of the financial and management information continually reviewing and improving the company's operating systems and procedures, and assisting in the direction and training of the accounts department.

Success in this position will create further opportunities as the company expands.

Please write or telephone Andrew Fowler, Regional Manager, for a personal history form quoting BB 5412.

Management Personnel
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2 Eton Court, Eton, Windsor, Berkshire.
Telephone: (0753) 854256

GROUP FINANCIAL CONTROLLER

West Yorkshire — Attractive Salary plus Car

This major public group based in West Yorkshire has subsidiaries in the UK and overseas manufacturing high quality products for international markets. Recent results show impressive increases in turnover and profitability with current turnover in excess of £100m.

Continuing growth and associated demands have led to the creation of this position based at Head Office.

Reporting to and working with the Group Financial Director your responsibilities will include:–

- Management reporting to strict deadlines.
- Review of subsidiaries' results and ad hoc projects.
- Involvement in the Group treasury and taxation functions.

Applicants must be Chartered Accountants with a broad professional grounding and a minimum of 3 years industrial experience, ideally with a well run subsidiary of a public group. Familiarity with computer based systems is essential.

Above all, you must be a hard working professional able to demonstrate a high level of ability, enthusiasm and commitment.

Candidates, ideally aged 30 to 35, should apply to:–

forsythe & kayee
ACCOUNTANCY APPOINTMENTS
51a St. Paul's Street, Leeds LS1 2TE
Telephone: (0532) 450851

Financial Controller

Central London — c.£20K + car

Our client is a highly regarded market leader in its specialised retail sector and an important part of a major British publicly quoted Group.

An ambitious finance executive is now sought, reporting to the Managing Director, to control a department comprising the statutory and management accounts as well as all financial aspects of the well established and profitable retail business. Key responsibilities will be timely reporting to senior management, both in-Company and at Group level, maintenance and improvement of systems, budgeting, treasury, and acquisition studies.

Candidates, ideally aged 27-34, must be qualified accountants with a strong background of retail accounting management. Essential qualities will be not only significant commercial experience but also the inter personal skills to make an effective contribution to the successful management team. Career prospects are excellent.

The attractive remuneration package includes a car, bonus, and other benefits normally associated with a major Group.

Please reply, in complete confidence, enclosing full career details to Mike Hann, Bull Thompson and Associates, 63 St Martin's Lane, London WC2N 4JX (tel: 01-240 3561), and quoting Ref. No. 1052.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

Accountancy Appointments

Financial Manager

leading to Senior Management

A.C.A. Age 24-28

Circa £18,000 + benefits + car

Our client, a very well respected international industrial Group, is well aware of the intense competition to secure the services of young accountants of high potential. However, it has devised a unique but well proven method of developing Financial Managers in a way which offers genuine scope for them to aspire to general management or very senior financial appointments in their late 30s or early 40s.

Over a period of 2 years the successful candidates (2 vacancies currently) will gain direct experience of **corporate finance** and **treasury affairs** along with the practical aspects of **financial control** encountered in its manufacturing and services operations situated in U.K., Europe and U.S.A. At the end of the stint the Financial Managers will be offered substantive appointments in the working area for which they are best suited, having regard both to the individuals' location preference and the Group's priority needs.

A range of experience and qualifications could be appropriate, but the essential requirement is that candidates should be graduate chartered accountants who have trained or gained experience with a major firm.

Please apply to Anthony Jones, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG. Tel: 01-242 5775.

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Personnel Consultants

Management Accountant

HOME COUNTIES

c. £16,000 negotiable

Our client, a well-established and highly successful sports company, is seeking a Management Accountant to take responsibility for all aspects of the accounting function.

Reporting directly to the Managing Director you will be responsible for the smooth running of the accounts department, with particular emphasis on ensuring staff effectiveness, enhancing financial systems and streamlining management reporting procedures. The department makes extensive use of the latest office automation techniques, therefore, some exposure to a computerised environment would be a distinct advantage.

Please write in confidence to Sue Wallworth, listing separately those companies to which you do not want your details forwarded.

LONSDALE ADVERTISING SERVICES LTD.,
Hesketh House,
Portman Square,
London W1H 0JH.

Group Financial Controller

Capital Markets Opportunity
London
c£35,000 negotiable

Our client, the fast-growing capital markets subsidiary of a major European bank, now wish to strengthen their financial function through the appointment of a Group Financial Controller. This is part of the strategy for the continuing development of the bank's capital markets activities.

Reporting to the Chief Financial Officer, the successful candidate will assume responsibility for the worldwide financial reporting and control process. Key tasks will be to review and develop the monthly reporting and operational accounting activities and to participate in substantial systems development. Some European travel will be involved.

Candidates should be qualified accountants, aged between 26 – 40, and will have gained relevant experience either in a financial institution or an international accounting firm. Equally important for this role are personal qualities of energy, self-motivation and the ability to respond quickly in a highly competitive and strongly marketing-orientated environment. High technical standards and a hands-on style are also paramount.

This will be a stimulating role for an ambitious financial executive to work in a dynamic management team and offers good career prospects both within the UK and internationally. The compensation package will be geared to attract the right candidate.

Candidates should write enclosing a full CV and quoting reference MCS/2011 to Milton Ives,
Executive Selection Division,
Price Waterhouse,
Management Consultants,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

Price Waterhouse

Ambitious Financial Manager

Age 26-32 **c.£20,000 plus car**

Our client is a well known and highly regarded multinational based in an attractive part of West London. The company is currently looking to appoint a Manager for one of its main finance areas heading a department of approximately 18 staff. The position is one of a small team of senior managers who will be involved in Finance Division developments which will take the company forward into the next decade.

The main on-going responsibilities of the position will be to ensure that the financial accounting reporting and control functions are maintained and developed in line with the business growth. This will include the installation of a powerful financial data base and decision support system.

The successful candidate will have ambitious career aspirations in addition to being industrious and results-orientated. The level of staff responsibility requires an ability to manage and motivate staff in an environment of change. Applicants should be ACAs or ACMAs with man management experience and a sound knowledge of UK accounting standards. Familiarity with US GAAP is desirable but not essential.

If you feel that you meet the requirements and are interested in discussing the position, please telephone Karen Wilson BA, ACMA on 01-439 6911 or write enclosing a CV and current salary details to:
Financial Management Selection Limited, 21 Cork Street, London W1X 1HB.

Financial Management Selection

Merchant Banking – Capital Markets

Chartered Accountant – City

c.£17,500 + early review + first class banking benefits

Sumitomo Finance International is the fast growing merchant banking arm of The Sumitomo Bank, Limited, one of the world's leading banks and a member of the Sumitomo group of companies. A prominent eurobond securities house founded in 1973, it is active in all sectors of the international capital market, providing a broad range of investment banking and corporate financial advisory services.

A rare opportunity has arisen for a graduate Chartered Accountant to assume immediate control of the financial accounting and management information function at Assistant Manager level. Reporting to an Executive Director, the role is widely drawn and carries responsibility for a small support staff.

Candidates aged 26-28, should have gained at least 2 years' post qualification experience in a leading international or national practice. Strong organisational skills and an outgoing personality allied to a desire to develop a career in merchant banking are key requirements for this position.

Prospects for promotion are exceptional, with the opportunity to assume broader administrative responsibilities within 2-3 years.

Interested applicants should contact **Charles Austin** on 01-831 2000 or write to him, enclosing a comprehensive C.V., quoting ref. L2061, at
39/41 Parker Street,
London WC2B 5LH.

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PROPERTY MANAGEMENT ACCOUNTANT

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Investment Accounts Manager

c. £20,000 + car

Our client is a financial services group located on the South Coast.

Working within a highly visible environment and to strict quality and time constraints, you will be responsible to the Deputy Comptroller and the Investment Director, for ensuring they are provided with up-to-the-minute data regarding the group's investment and cash position.

This challenging career development opportunity would suit a commercially-aware, graduate-level accountant in his or her mid-30s who has management experience. Knowledge of banking, money market and investment practices, and relevant accounting and tax principles is required. You must be able to establish credibility quickly, build relationships easily with people at all levels, and take a fresh and innovative look at the department's present practices, implementing improvements cost-effectively.

Considerable investment has been made in new technology and you must have hands-on experience of the latest DP systems and techniques.

The negotiable salary will be complemented with a car, generous range of benefits and relocation assistance, where appropriate.

Please send full cv which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: R2067/FT.

PA
PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

LONRHO ZAMBIA LIMITED

Financial Controller

Lonrho Zambia, a Management Region within the Lonrho Group, consists of over 40 companies operating in a variety of industries and with good profit records.

The Financial Controller is responsible to the Managing Director for all aspects of financial management in the Region. Candidates should have experience, preferably in an African context, in the following areas:

* Treasury Management
* Corporate Planning
* Monitoring and improving Company Performance
* Tax
* Statutory and Management Accounts

This is a "career" position. We therefore seek someone with the ability and ambition to assume, in the future, larger responsibilities in Lonrho.

Candidates should be qualified accountants with several years experience in managing a finance function within a major group.

Salary will be paid in local currency and sterling. Benefits include a free house, utilities and car, a gratuity, generous allowances and attractive holiday facilities.

Zambia is an attractive and interesting country with a lovely climate, a stable environment, and would suit someone with a young family.

Please apply, with career and personal details, quoting reference No. V.301, to:—

The Group Personnel Manager,
LONRHO Plc
Cheapside House,
138 Cheapside, London EC2V 6BL

Financial Controller

Age 30 – 40 **£20,000**

Shoreham-by-Sea, West Sussex

RICARDO CONSULTING ENGINEERS plc, one of the foremost high technology internal combustion engine consultants in the world, undertaking design, research and development for the majority of the engine manufacturers in Europe, America and the Far East, requires a Financial Controller who will report to the Finance Director.

Responsibilities will include the day to day operation of the Accounts Department, assisting the Finance Director in formulation and implementation of policies for the operation of the Department, preparation of monthly cost figures, annual budgets and five year plans and for the Commercial Computing Department.

Candidates should be qualified Accountants in the age range 30 – 40 and have had considerable accounting and computer experience.

Assistance with removal expenses will be considered in appropriate cases.

Please send a comprehensive career résumé, including salary history and day-time telephone number quoting ref: 2305 to W.L. Tait, Executive Selection Division.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

YOUNG ACA

International biotechnology

Stoke Poges, Bucks **£15000 to £17500**

A leading international biotechnology group is proceeding with plans for the continuing expansion of its specialised activities in the UK and abroad. The Assistant Financial Controller will be responsible for the implementation of group financial planning and reporting systems, for financial accounting in three new subsidiary companies and for assistance with the preparation of group statutory accounts. This is an ideal opportunity for a recently qualified accountant to gain experience in a rapidly developing commercial environment. Age preferred: 25 to 30.

Applications in writing, which will be treated in strictest confidence, should be addressed to:
John Davis, Financial Controller,
Porton International Limited, Bells Hill,
Stoke Poges, Slough, SL2 4EG.

PORTON INTERNATIONAL
World leaders in biotechnology

ACCOUNTANCY APPOINTMENTS

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FINANCIAL CONTROLLER

Following the exceptional growth of Stratus Computer, one of the leading suppliers of Fault Tolerant Computer Systems, a vacancy has arisen through internal promotion for a Financial Controller.

The position is to be based in London and the successful candidate will play a key role in the Management Team.

Applicants should be qualified accountants with broad-based commercial experience preferably gained in a hi-tech environment.

An excellent remuneration package, including a company car and share options, is available for the person who can meet the requirements of this demanding and responsible position.

The ability to demonstrate a "shirt sleeves" attitude in an exciting environment is of paramount importance.

Applications in writing to:-
Steve Bailey
European Financial Director
20 Cannon Street
London EC4M 6XD

Stratus
CONTINUOUS PROCESSING

Accountancy Appointments

Financial Controller

N.W. Kent

from £20,000 + car & benefits

This growing subsidiary of a major British company manufactures high volume and high quality food products. It has recently invested heavily in the provision of the most modern process technology.

The Company offers an exciting opportunity for an energetic Financial Controller to make a substantial contribution to its future development. The key task is to provide the up to date information vital to effective decision making in a fast moving environment.

Candidates, aged about 35-45, should be Qualified Accountants with broad experience in the finance function. Particular knowledge of product costing and control is essential, preferably gained in the food industry. Personal qualities must include drive, determination and initiative, together with strong communication skills.

The attractive benefits package will include a fully expensed quality car.

Please reply to Martin Manning in strict confidence with details of age, career and salary progression, quoting reference 1551/FT on both envelope and letter.

Deloitte Haskins+Sells

Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Head of Internal Audit

International Banking

Age 25-30 **Up to £25,000+car**

Our client, the European Division of a major international bank based in London, will shortly appoint a manager to take responsibility for the audit function.

The purpose of this appointment is to upgrade and expand the role of the audit function, particularly in relation to the Bank's expanding **Treasury** and **Capital Markets** activities and its increased sophistication in the **Data Processing** area. It will be necessary to build a new audit team in order to achieve this purpose.

The ideal candidate is unlikely to have had less than three years post qualification experience. It is important that substantial experience should have been recently gained on international banking audit work.

Candidates must demonstrate that they have technical competence as well as management and communication skills to meet the challenge of this appointment. The changing nature of the Bank and the markets within which it operates will necessitate initiative and an innovative approach on the part of the Manager and the Audit team.

There will be ample opportunity for the candidate to move into a mainstream role within the Bank after two to three years in this position. Salary is negotiable and will include the usual banking benefits.

Please apply to Jock Coutts, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG. Tel: 01-242 5775.

Career plan LIMITED

Personnel Consultants

Assistant Financial Controller

Berkshire
c. £20-22,000 + car

The UK Headquarters of an international manufacturer and supplier of computer hardware and software, now seek a qualified accountant to play a key role in the financial management of the group.

Reporting to the Financial Controller, responsibilities will include managing a team engaged in all aspects of financial and management accounting, providing relevant and timely management information, and developing the potential of recently implemented computer systems.

Qualified to ACA, ACCA or ACMA level and probably aged between 28-40, the successful applicant should have sound technical ability, experience of developing and implementing computer systems, and well-developed management and communication skills. Candidates should have at least five years post-qualification experience, preferably within sales or service based organisations.

The negotiable salary is supported by first class employment conditions, including a profit sharing scheme and fully expensed car.

Candidates should apply in confidence quoting reference MCS/1001 to Peter Forrester, **Price Waterhouse Management Consultants, Thames Court, 1 Victoria Street, Windsor, Berkshire SL4 1HB.**

Price Waterhouse

Truman Miles

Management Recruitment Consultants

ACAs FOR MERCHANT BANK

A respected City House, in the forefront of today's financial service markets, offers an accounting introduction to graduates aged 25-27. Application is not restricted to just the large London Offices, or to Bank Audit experience.

A mortgage subsidy and relocation assistance is provided amongst traditional benefits, together with a good initial salary for these appointments as Chief Accountant of a specialist subsidiary or to the Audit and Investigations team.

The Bank has an excellent reputation for providing career advancement opportunity and will give early recognition to ability and ambition.

Call or write, in confidence, to:

Bob Miles 01-248 2002/3
and 01-568 0086 (Home)
10/11 Bishop's Court, Old Bailey
London EC4M 7EL

Chief Accountant

East Sussex **c£21,000 + car**

Our client is a rapidly expanding private group of companies primarily involved in the publication and distribution of local newspapers in Sussex and Kent. The group is committed to continued growth (turnover has more than doubled in this financial year) and has invested heavily in the latest technology of the industry.

As a result of this dynamic growth, the group has identified the need for a Chief Accountant to assume responsibility for the financial and management accounting of the operating companies, systems development and the organisation and supervision of approximately twenty accounts staff. Reporting to the Finance Director, you will also be involved in ad hoc assignments relating to the group's development.

Likely to be aged under 35, you will be a qualified Chartered Accountant who displays high motivation, assertiveness and organisational skills. Strong previous management accounting experience within a fast moving sector is preferred.

The successful candidate will be offered an attractive remuneration package and the prospect of a challenging and rewarding role within an exciting, entrepreneurial environment.

Candidates should write to Nick Baker FCA, Executive Division, enclosing a comprehensive C.V., quoting ref. 284, at 39/41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

CHIEF ACCOUNTANT

c £18,000 pa + car
NORTH-WEST LONDON

Our client, currently turning over in excess of £40 million pa, is expanding rapidly as part of an international Group which enjoys a high public profile. The company is recognized as a considerable force in a service-sector market place which is itself undergoing significant change and experiencing substantial growth.

The current volume of business and future expansion plans has determined the need to appoint a high calibre Chief Accountant to act as number two to the Finance Director.

The person appointed will be a qualified Accountant in his/her late twenties capable of assuming full responsibility for all day to day accounting activities and providing the usual management information reports.

Applicants must possess commercial experience in a man-management role and have been extensively exposed to computerized accounting systems in an organization of substantial size.

As the work environment is hectic and demanding with considerable time pressures to meet operational deadlines, the position will appeal only to someone who is particularly self-motivated and keen to be judged on results. Success in the role will reap considerable financial and career rewards.

Applications in the form of a brief but meaningful c.v. should be sent to Brian Hodges acting as advisor to the company at

Brian Hodges Associates
MANAGEMENT CONSULTANTS EXECUTIVE SEARCH APPRAISAL AND TRAINING CONSULTANTS
Suite 3, 50-52 High Street, Epsom, Surrey KT19 8AJ

ACCOUNTANCY APPOINTMENTS appear every THURSDAY

Management Accountant

(Systems)
c.£18,000 + Bonus. Based SW England

My client, an old established, stable, but expanding brewery group with a turnover in excess of £20 million now offers an exceptional opportunity for a qualified Accountant. Relocation assistance is available.

Aged 30-38 years, the successful applicant must be able to demonstrate

* Strong interpersonal/motivational skills
* An understanding of all facets of financial planning and budgetary control using computer based systems
* Willingness to learn all aspects of the group's business involving property, retail, manufacturing, and wholesale/distribution
* The ability to make things work; you will be an entrepreneur with a high degree of flair.

The successful applicant will see himself as FINANCIAL MANAGER, ideally from a brewery background. Benefits include non-contributory pension and employee share scheme. Promotion to Financial Director in the medium term is a distinct possibility.

For further details please write to Mike Edwards, ARA International, UK Selection Recruitment Division, Edman House, 17/19 Maddox Street, London W1R 0EY, or telephone for further details.

ARA International
UK SELECTION RECRUITMENT DIVISION

FINANCIAL CONTROLLER

Sussex **c £20,000***

An ambitious, commercially-minded young accountant is required by a £15 million turnover subsidiary of a successful and expanding US consumer products group. The vacancy arises due to the promotion of the incumbent into a general management position in another UK subsidiary.

Reporting to the General Manager, the Financial Controller will be expected to play an active role in the senior management team. Key responsibilities will include producing and interpreting management information, providing financial advice, and being heavily involved in business planning and development. The preparation of financial accounts and management reports is largely computerised.

Applications are invited from qualified accountants in their late twenties/early thirties who are computer literate and possess relevant commercial experience.

*In addition to a basic salary of up to £18,500, the company offers a bonus expected to yield 10-15% of salary, a fully expensed car, and attractive additional benefits. Relocation expenses will be paid where appropriate.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2326, to G.J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

GOOD MOVE FOR A NEWLY QUALIFIED ACCOUNTANT

Head Office - close to Liverpool Street

As assistant to our Group Financial Director you'll be at the centre of financial management within the Frizzell Group, Britain's largest privately owned Insurance Broker at Lloyds. A good opportunity, you'll agree, for a newly qualified accountant looking for a fast build-up of valuable experience in a stimulating City environment.

Profiting from any guidance and additional training you need, you will take on a range of responsibilities from the consolidation of Group accounts and production of management information to co-ordination of audit and the position of Secretary to the Insurance Committee.

You will also undertake special projects for the Financial Director and become involved with research and development in respect of new technology.

Probably in your mid 20's you'll be well organised, diplomatic, positive and an effective communicator at all levels. A flexible disposition is equally important.

We can offer the right man or woman a salary package in the region of £13,000 p.a., plus a profit sharing bonus. As for the prospects, after a couple of years in this position you should be well equipped for further career advancement which we hope will take place within our Group.

FRIZZELL

Please forward your c.v. to: Mrs. S. McGeachie, Personnel Manager, The Frizzell Group Limited, Frizzell House, 14/22 Elder Street, London E1 6DF.

Lupofresh

COMPANY SECRETARY

Aged about 35-45, responsible for general office administration, maintenance and development of systems of internal control, and financial and management reporting, sought for small but busy Wimbledon Office (by rail/tube station) of international Hop Merchants with recent Queen's Award for Export. Professional qualification preferred. Some import/export acquaintance advantageous. Good salary and excellent prospects for right person with some entrepreneurial flair.

Write in confidence, enclosing c/v to:
Ian R. Ibbotson, Lupofresh Ltd
138 Alexandra Road, Wimbledon
London SW19 7JX

Financial Controller c.£24,000 p.a.
Group Chief Accountant c.£20,000 p.a.
Company Accountant c.£16,000 p.a.

ESD

An expanding publicly quoted group of companies who are engaged in sophisticated electronics and precision engineering products have a need to upgrade and augment their financial team, at subsidiary and group level.

Based throughout South East England the group is generating an annual turnover approaching £100 million. Their products are at the forefront of technology and as a consequence the group is highly profitable and experiencing rapid growth.

Several opportunities exist immediately for fully qualified candidates who are either financial accountants with costing expertise, or cost and management accountants who possess financial orientation. Prerequisites include technical excellence, professionalism, ambition, capacity for hard work, experience in demanding growth environments and a well rounded appreciation of business. The preferred age range is 30-35.

All posts carry company cars and a comprehensive fringe benefits package. These are career posts and prospects for the future are exciting.

To apply please write quoting reference MU947 to The Managing Director, Executive Selection Division, 18 Grosvenor Street, London W1X 9FD.

ESD is the Executive Selection Division of EAL

ACCOUNTANT circa £15,000

Qualified accountant with commercial experience required

Accountant required for expanding financial services division of quoted company.

Experience of the asset leasing industry is essential together with knowledge of computer installation and operation. Based north Surrey. Apply in confidence with c.v. to:

J. Hill
Equity and General Finance Group
Pebble Coombe Hall, Tadworth, Surrey KT20 7PA.

ACCOUNTANCY APPOINTMENTS
Rate £37.00 per Single Column centimetre

Accountancy Appointments

Financial Planning, Budgeting and Forecasting

for major North Sea oil projects

London-based up to £18,000

Monitoring operating performance and profitability...assessing long-range trends... preparing financial forecasts... recommending new business strategy: all part and parcel of a vital service to corporate management provided by a professional team of Financial Analysts in our London office Finance Group.

Our recent merger with Gulf resulted in Chevron becoming the world's third largest oil company. It also created a number of superb career development opportunities, within this team, for high-flying graduate accountants and individuals who have a good business or economics degree and a background in financial analysis.

They must be personally well-organised with first-class presentation skills giving them the ability to present their recommendations to senior management effectively and persuasively. Experience in the oil industry and of personal computing would be extremely useful – but not essential.

Please send full cv, including current salary, to Mary Gilfillan, Human Resources Department, Chevron Petroleum (UK) Limited, 93 Wigmore Street, London W1H 9AA. Telephone: 01-487 8246.

Chevron

Commercial Director

Manchester

This successful UK member of a major European publishing group, has established itself firmly in the UK market through six companies specialising in *juvenile, trade and magazine publishing as well as the toy and video cassette* markets. Its profits are planned to increase substantially in the immediate future through development of the existing business and the acquisition of additional companies in both the UK and USA.

In order to strengthen the management team, the company requires a commercial director with sound technical ability in financial and management accounting who can advise on expansion and diversification. The appointment is expected to make a significant contribution to the formulation of business strategy, the identification and the analysis of target markets. A key factor will be the assistance in negotiating and administering the integration of new acquisitions.

The ideal candidate will be mid to late thirties, a chartered accountant with vision, energy and flair. It is essential that they have operated in a fast moving, international marketing environment with experience in branded consumer goods. The ability to research and plan financial and market strategies in an *expansive environment is essential. Preference will be given to candidates with* experience of acquisitions.

The rewards and opportunities reflect the challenge of the appointment and will include a substantial salary, incentive bonus, quality car and benefits. Relocation assistance will be provided where appropriate.

Please write in confidence to JP Cornish (ref 1101).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Financial Director Designate

Electronic equipment

Mid Wales c.£28,000 plus car

Our client is a publicly-quoted group that designs, manufactures and sells advanced electronic equipment used in a wide range of industrial processes.

A financial director designate is sought who can achieve full director status after about six months. Responsibilities will be broad-ranging: a particular need will be to work closely and in detail with the directors on matters related to the further development of this highly profitable organisation, as well as to direct the activities of a small accounts department.

The ideal candidate will be a commercially oriented chartered accountant aged under 40, who is presently the number two or three in the finance department of a medium-sized or large engineering or technologically-based public company.

There is a profit-sharing scheme and there will be opportunities for equity participation.

Please write in confidence to M J B Ping, enclosing a detailed curriculum vitae and quoting reference F/405/P, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

Financial director

Surrey, to £40,000

With a reputation for first class customer service and technical excellence, this people orientated service sector company is amongst the leaders in its field. Part of a substantial public group, turnover is in excess of £200m pa.

Reporting to the Managing Director with responsibility for the entire financial function *you will concentrate initially on the development and improvement of computer based* financial and management information systems to meet the needs of a rapidly expanding business.

A qualified accountant, aged from your mid thirties, you must have substantial experience of managing and motivating sizable accounting staffs at an operating level in major groups. Extensive knowledge of systems development and implementation will be a pre-requisite. Displaying a high level of ability and drive together with first class *interpersonal skills you will already have made your mark in the financial function.*

Résumés including a daytime telephone number to Torrance Smith, Executive Selection Division, Ref. S404.

C&L

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

10 Bouverie Street
London EC4Y 8AX

GROUP TREASURER

The Wedgwood Group with worldwide markets in the field of high quality ceramic table and ornamental *ware invite applications for the position of:*

We are looking for a high calibre Treasurer to assume responsibility for all treasury matters including foreign exchange dealing, cash management and banking relations, together with general financial strategy and planning in this area.

The successful candidate must have a depth of relevant practical experience in a treasury environment. Appropriate qualifications such as membership of the Association of Corporate Treasurers will also be taken into account.

The remunreation will be a salary package including a profits related bonus in the region of £20,000 together with a company car and other benefits including *Pension and Life Assurance Schemes.*

Please reply in confidence giving concise details of your career to:

Industrial Relations Manager
Wedgwood plc
Barlaston
Stoke-on-Trent
ST12 9ES

Wedgwood
a career in quality

ESAB GROUP (UK) LTD

Manufacturing Accountant

To £17K + CAR

ESAB is a major international group with a dominant share of the UK market for welding equipment and consumables.

Reporting to the Finance Manager - Operations, with a strong functional link to the Manufacturing Manager, this is an attractive opportunity for a qualified accountant who has spent at least two years in a manufacturing environment. Experience of computerised manufacturing control systems is a pre-requisite and knowledge of their application to a process industry would be an advantage.

Main responsibilities are to provide a comprehensive accounting service to factory management, to ensure that proper cost control is exercised throughout the production process, and to liaise with the Swedish parent company on product cost analysis.

Please foraward detailed C.V. in the first instance to: Mrs. C.A. Perry, ESAB Group (UK) Ltd., Hertford Road, Waltham Cross, Herts EN8 7RP.

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Director

Construction Equipment
Southern England, c £30,000, Car

The company, a key subsidiary of a British public group, designs and manufactures equipment for the construction and mining industries. Turnover is around £25m, 50% export, and the company is profitable. The person appointed will join the Board, assume full responsibility for the finance function and play a key role in defining and implementing strategy *for the short and long term development of the company.* The position requires a person of the highest calibre in both intellect and management skills and a first class record of achievement.
Candidates must be qualified accountants (preferably chartered), aged 35-50 and experience of modern computerised financial and management controls is essential. Prospects could be extremely interesting.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to H.W. FitzHugh, **Hoggett Bowers plc,** *6th Floor, Sutherland House, 5/6 Argyll Street,* **LONDON,** *W1V 1AD,* **01-734 6852,** quoting *Ref:* **20301/FT.**

·F·E·R·A·G·

COMPANY ACCOUNTANT
(Director designate)
Age 25/35

FERAG (UK) LTD. (staff level presently 25) is the successful UK subsidiary of a Swiss engineering company, operating in the graphics industry. UK activities are principally sales, installation and servicing of a range of sophisticated systems.

The position is an all embracing one, including responsibility for accounting, secretarial and administrative functions. Additionally it will include a review of a new computer system.

The candidate will report to the Managing Director and will advise the Board on all financial matters.

The successful candidate will be a Qualified Accountant, who has the potential to become financial director. He/she should be capable of communicating at all levels and have the enthusiasm and flexibility to join a company with an excellent future. Knowledge of German would be an advantage.

Please apply to:
RMO/FERAG AG
attention Mr. Guido Steffen
Industriestrasse 1, CH-8340 Hinwil/ZH, ***Switzerland***
mailed "Private and Confidential."

CHIEF INTERNAL AUDITOR

Sussex £17-20k + car/package

Our client, a highly profitable £150m turnover Group of companies, seeks a professionally qualified accountant to assume total responsibility for the internal audit function, investigating a wide range of financial and operational systems at 125 U.K. cost centres, including Head Office.

Specific areas of responsibility will include reporting on effectiveness and efficiency of all financial and administrative systems, developing computer-based internal audit methods, playing a key role in the design and implementation of new systems and taking part in the process of business acquisitions.

In addition to holding a recognised accountancy qualification, preferably chartered, you will have held responsibility for undertaking audits within multi-million turnover businesses.

You are likely to be aged 28-35, although age is less important than the potential to assume wider responsibilities. Career development prospects are available for the right person, either in the Group's finance function or in line management within a U.K. or overseas operating division.

Based in a pleasant Sussex location, an excellent salary package is negotiable.

Please apply in confidence to:
Stephen Mawditt, Managing Director,

Senior Management International
Executive Search Consultants

Landseer House
19, Charing Cross Road
LONDON WC2H 0ES

Financial Director

To join a small management team revitalising a Traditional Food Company

LINCOLNSHIRE c£25,000 + Car

You will be a key member of a new management team that has been carefully selected by *the new Chief Executive to introduce professional management practice into a company* with the potential for significant profitable development.

The post will be attractive to qualified accountants in their thirties seeking company wide responsibility and the opportunity to contribute to the management of the business at board level.

The role encompasses all elements of the Finance function, a range of related administrative responsibilities, and the management of the company's systems development in both mainframe and micro terms. There are significant opportunities for the introduction of streamlined systems in the basic accounting function and personal involvement in the strategic decision making process of the company which will involve working closely with the Chief Executive on major projects.

We will be seeking high calibre individuals, preferably graduates, who combine industrial experience with a recognised professional qualification.

The post carries a full range of competitive benefits including relocation assistance.

Applicants of either sex should apply in confidence to Michael Johnson (0962) 53319 (24 hour service) or write to Johnson Wilson & Partners, Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX, quoting ref. 638.

Johnson Wilson & Partners
Management Recruitment Consultants

FINANCIAL DIRECTOR DESIGNATE

Our Client is a well established family business based in South West London specialising in Medical Electronics with a turnover of approximately £4½m.

Reporting to the Managing Director, the appointee will be responsible for the financial direction of the company and making the relevant contribution to the management team.

Candidates should preferably have at least 5 years post qualification accountancy experience, and must be thoroughly familiar with comprehensive computer systems. A positive personality and keen business sense are essential requirements. The remuneration includes a basic salary in the range of £17,500 £25,000 a company car and non-contributory pension scheme.

Please apply in writing with career details to:—
D.W. Crane Esq., F.C.A., Morison Stoneham & Co.
805, Salisbury House, 31, Finsbury Circus, London EC2M 5SQ

Morison Stoneham
Chartered Accountants

UNIVERSITY OF WARWICK

Lectureship in Accounting and Finance

Applications are invited for a Lectureship in Accounting and Finance in the School of Industrial and Business Studies to join a developing group led by Professor Stewart Hodges and Professor Tony Steele. Candidates should be able to demonstrate a strong academic background and ability to contribute to research. The accounting and finance group operates within an expanding research led business school environment. The position will appeal equally to those early in their academic career and to established lecturers.

The appointment will be made on the Lecturer scale: £7,190-£14,125 p.a. (under review). Starting date for the appointment will be negotiable.

Application forms and further particulars from the Registrar, University of Warwick, Coventry CV4 7AL quoting Ref. No. 12/3A/85/[illegible]. Closing date 18th November 1985

FINANCIAL TIMES
Thursday October 24 1985

Exxon hit by exchange and closure charges

BY WILLIAM HALL IN NEW YORK

EXXON, the biggest U.S. oil company, yesterday reported a 22 per cent drop in third-quarter net income to $995m. The figures were depressed by special factors and disguise a sharp recovery in the profitability of marketing and refining operations.

Mr Clifford Garvin, chairman, says comparison of the third-quarter figures with last year was adversely affected by $190m of foreign exchange effects on the debt of affiliates and a $135m after-tax charge to cover the cost of closing the group's Hamburg refinery and Cologne chemical facilities.

Earnings from operations, which excludes corporate, financial and special charges, increased by 10.5 per cent in the quarter to $1.32bn or $1.77 a share. By contrast, net income after special charges and allowing for recent share repurchases fell by $15.8 per cent to $1.58 a share in the latest three months.

Foreign refining and marketing operations swung from a loss of $36m in the third quarter of 1984 to a profit of 184m in the latest three months. U.S. downstream operations more than tripled their contribution to $65m in the latest three months.

Exxon says firming prices and lower raw material costs were the primary factors behind the sharp improvements in its downstream earnings. It says small gains in motor and distillate fuels volumes were more than offset by declines in heavy fuel oil volumes because of lower industrial and electricity use. The group's refining and marketing Lifo profits were $67m in the latest three months compared with $123m in the third quarter of 1984.

The group's U.S. upstream exploration and production earnings fell by 13.5 per cent to $441m and overseas earnings fell by 11.8 per cent to $560m. Earnings from worldwide chemical operations fell 35 per cent to $59m in the latest three months.

For the first nine months, Exxon's earnings are 25 per cent down at $3.06bn. Although earnings from operations are just $12m down at $4.1bn, the sharp decline at the net level is explained by a $545m provision on the Hawkins field and higher corporate and financing charges. Exxon earned $4.03 a share in the nine months, down from $4.96.

Phillips Petroleum, the Oklahoma oil company which fought off an unwelcome takeover bid earlier this year, yesterday reported a 83 per cent drop in third-quarter earnings to $36m, or 12 cents a share. The figures were depressed by $87m, or 39 cents a share of non-recurring items.

For the first nine months Phillips had earnings of $252m, or 81 cents a share, on revenues of $12bn. This compares with net income of $641m or $1.39 a share, on revenues of $11.75bn in the comparable period of 1984.

Worldwide oil production rose by 11 per cent and natural gas production by 8 per cent, the group has reduced its debt by $800m from its April peak of $8.6bn and expects to cut it by another $400m by the end of this month. Capital spending in the first nine months is down 18 per cent at $821m.

Benedetti to tap bourse for L74bn

By Alan Friedman in Milan

SIG CARLO de Benedetti is to raise L74.4bn ($41.8m) by floating on the Milan bourse 25 per cent of his family's ultimate holding company – Compagnia Finanziaria de Benedetti (Cofide) – and by selling 7 per cent of the company to the Indosuez group of Paris.

Sig Antoine Jeancourt Galignani, general manager of Banque Indosuez, is to join the Cofide board.

The bourse issue and share sale to Indosuez form part of an overall L96bn capital increase that involves the issue of 41.3m new shares: 25m to the public (for a value of L58.1bn), 7m to Indosuez (for a value of L16.3bn) and a final 9.3m that Sig Benedetti is taking up himself.

This latest de Benedetti equity issue comes just 24 hours after it emerged that Sig de Benedetti was to raise L300bn through a rights issue for Sabaudia, another financial vehicle, which is part of his CIR holding group. Cofide is in turn the largest shareholder in CIR, which controls 15 per cent of Olivetti (which Sig Benedetti chairs); the Buitoni foods group; an important stake in Pirelli; the Mondadori publishing group; the Euromobiliare banking group; the GIM metallurgy business; and other industrial and financial activities.

As a result of those equity issues, Sig de Benedetti will have tapped the stock market for a total of $201m which will almost certainly be used to finance new acquisitions.

The Cofide flotation is to be managed by Mediobanca, the Milan merchant bank, and Banca Commerciale Italiana (BCI), Italy's second-largest bank. Mediobanca, which has been ruled by the 77-year-old Sig Enrico Cuccia, has generally been much closer to the financial interests of the Agnelli family, which controls Fiat. The involvement of Mediobanca in a big share issue for Sig Benedetti reflects changes in the structure of power among key members of Italy's industrial elite.

Falling interest rate helps FCA recovery

BY WILLIAM HALL IN NEW YORK

FINANCIAL CORPORATION of America (FCA), the parent of America's biggest savings and loan association that was close to failing last year, earned $12.3m in the third quarter – its first profit in a year – but its non-performing assets continued to rise to a record $1.7bn.

Mr William Popejoy, who was brought in by U.S. Savings Bank regulators to replace FCA's founder, Mr Charlie Knapp, said yesterday he was "particularly encouraged that an improvement in the interest rate environment" had enabled the firm to report an operating profit for the quarter and add $25.6m to its loan loss reserve, which totalled $473m at the end of September.

Falling interest rates during the last year clearly helped FCA in the last few months. The group's average cost of funds has dropped from a peak of 11.76 per cent to 9.23 per cent in the latest three months, whilst the yield on its assets has only slipped from 12.61 per cent a year ago to 12.06 per cent in the latest quarter.

At the same time, the group has "significantly increased" its lending volume in the third quarter and expects to meet or exceed its goal of $3.5bn for 1985 as a whole, said Mr Popejoy, who indicated that increases in loan fees have made a notable contribution to the company's return to profitability.

In the third quarter, FCA sold $266m of foreclosed real estate, but at the end of September the company's scheduled items – the regulator's term for non-performing assets – totalled $1.7bn, or 6.26 per cent of regulatory assets. At the end of 1984, the ratio was 5.36 per cent and at the end of 1983, it was 4.07 per cent.

For the quarter, FCA's deposits increased by a net $253m.

Profits of Norsk Hydro rise 22%

By Kevin Done in Stockholm

NORSK HYDRO, the Norwegian energy, chemicals and metals group, increased its net profits by 22 per cent in the first nine months to NKr 1.774bn ($223.9m) from NKr 1.453bn a year earlier.

Net profits in the third quarter rose by 14.8 per cent to NKr 426m.

All three major activities: petroleum, fertilisers and metals, have increased profits this year and Hydro's earnings have also been helped by favourable exchange rates. Profits from the group's petrochemicals operation have fallen sharply as a result of a substantial drop in product prices.

Group turnover rose by 8.3 per cent to NKr 27.898bn in the first nine months. Hydro said there had been little change in market conditions between the second and third quarters, although sales of both natural gas and fertilisers had shown their normal seasonal decline.

The company said it expected the current economic climate to continue to the end of the year. The seasonal decline in the third quarter had been overcome and lower prices for natural gas and heavy fuel oil were expected to increase earnings of the fertiliser operations.

Eli Lilly shows advance

BY PAUL TAYLOR IN NEW YORK

ELI LILLY, the U.S. pharmaceuticals group, achieved a 9 per cent gain in third-quarter earnings to $122.1m or $1.75 a share, from $111.7m, or $1.53 a share in 1984, on sales up by 10.6 per cent to $787.9m.

For the nine-month period the Indianapolis-based group reported net earnings of $393.1m, or $5.59 a share, on sales of $2.45bn compared with $372.4m, or $5.09, on sales of $2.33bn.

Sales gains in pharmaceuticals, medical instruments and cosmetic products led the quarterly growth.

The group has agreed to acquire Hybritech, a leading biotechnology firm, in a $300m deal which will bolster Lilly's position in the rapidly growing diagnostics business and supplement the group's own research efforts, aimed at developing monoclonal antibodies to treat some types of cancer.

Bristol-Myers, another leading U.S. drugs group, yesterday agreed to acquire Seattle-based Genetic Systems in a share-swap deal worth $294m.

The deal, which was jointly announced by the two companies, is the latest in a string of acquisitions by leading U.S. pharmaceutical groups of young biotechnology companies. Genetic Systems was founded in 1980

Price agreed for Pacific Lumber deal

By Our Financial Staff

MAXXAM Group, a U.S. property management concern, is to take over Pacific Lumber, a San Francisco-based forest products and welding equipment group, in a $870m agreed deal.

The definitive agreement follows an increase in Maxxam's offer from $38.50 a share to $40. However, Maxxam must obtain firm commitments to raise the necessary financing within 10 business days after filing the amended tender offer with the U.S. Securities and Exchange Commission, but in no event later than November 8.

Maxxam's original offer had been rejected, but yesterday Mr Gene Elam, Pacific Lumber's chief executive, said: "Having reviewed the alternatives, we believe the merger agreement is in the best interests of our shareholders."

The deal takes Maxxam into new business areas.

General Foods gains 24% in second quarter

BY PAUL TAYLOR IN NEW YORK

GENERAL FOODS, the U.S. packaged foods group that last month agreed to merge with Philip Morris, the U.S. tobacco group, in a $5.64bn deal, yesterday reported a 24 per cent gain in fiscal second-quarter net earnings to $72.6m, or $1.56 a share, from $58.8m, or $1.20.

The earnings gain in the quarter ending September 28 came despite a slight decline in sales, which fell to $2.19bn from $2.59bn. The company said the decline reflected a programme to lower list prices and reduce inventory levels in its grocery coffee business. The programme was an attempt to bring more stability to General Foods's coffee business.

For the fiscal first half, General Foods reported a 14.6 per cent gain in net earnings to $150.5m, or $3.21 a share, compared with net earnings from continuing operations of $131.3m, or $2.61, in the same period last year on sales of $4.45bn, compared with $4.52bn a year earlier.

The company made final net earnings of $170.3m, or $3.37 a share.

Mr James Ferguson General Foods' chairman and chief executive, said: "We have long anticipated fiscal 1986 to be the year when General Foods would start delivering the results of what our long-term strategies were designed to produce – and that is exactly what we are doing. Earnings from operations for the quarter and the first half are up sharply, and we are well on the way this year to exceeding our corporate target of earnings growth 3 to 5 per cent above the rate of inflation."

Mr Ferguson also said second-quarter earnings had advanced in most of the group's businesses and volume gains had been posted in several businesses.

Libra Bank to raise $200m

By Peter Montagnon, Euromarkets Correspondent

LIBRA BANK, the London-based consortium specialising in Latin America, has launched a commercial paper programme in the U.S. to raise $200m by next year.

Simultaneously, the bank has arranged a £20m private placement with two UK pension funds as part of a programme to diversify its source of funds and strengthen its capital base. The placements count as secondary capital under Bank of England regulations.

The bank said yesterday it began selling commercial paper in the U.S. last week and by the end of this week will have $100m outstanding. The paper has been rated A1 by Standard & Poors and is being sold without any guarantee from shareholder banks.

The paper will provide a new source of funds for Libra and reduce its dependence of the international interbank market.

Poclain aims for FFr 200m over two years

BY DAVID MARSH IN PARIS

POCLAIN, the French hydraulic excavator manufacturer, needs profits of FFr 200m ($24.8m) during 1986 and 1987 to avoid asking shareholders for a fresh capital increase Mr David Bigelow, chairman said yesterday.

This follows two restructuring packages totalling FFr 1.2bn in loans and equity already put together for Poclain since 1983.

Mr Bigelow was speaking at the presentation of Poclain's new 61 excavator, a 12.5-tonne model that cost between FFr 60m and 70m to develop. The excavator, a key element in the company's plans for future prosperity, uses new hydraulic technology and computer production and design methods. It is the first new product produced by Poclain since Case-Tenneco, the U.S. construction and farm equipment group, reinforced its control of Poclain in 1983.

Following a FFr 250m capital increase subscribed in June 1984, Case-Tenneco now has 44 per cent of Poclain's FFr 455m capital, with 38 per cent held by French banks and financial institutions.

Mr Bigelow, who was brought in by Tenneco to chair the company in 1983, said Poclain's recovery was proceeding slowly in the face of intense worldwide competion.

The French hydraulic excavator market slumped 50 per cent between 1981 and 1984. Worldwide demand is still 20 to 25 per cent below 1979 levels despite a pick-up this year in Western Europe.

After total deficits of FFr 753m in 1982 to 1984, the company made group net losses of only FFr 40m in the first half this year. The 1985 result would still be a loss, Mr Bigelow said, but it was a "reasonable bet" that it would achieve its 1986/87 profits target.

Fireman's Fund issue priced

By Our Financial Staff

THE INITIAL public offering of 32m shares of Fireman's Fund, the seventh largest property and casualty insurer in the U.S., has been priced at $25.75 a share through underwriters led by Shearson Lehman Brothers.

The offer, which will raise $824m, is the largest initial public offering by a U.S. company. Fireman's Fund has been owned by American Express since 1968.

After the offering American Express will own 45 per cent of Fireman's Fund while an employee stock ownership plan will own 6 per cent. Lex, Page 18

Skanska expects drop in year's earnings

BY KEVIN DONE IN STOCKHOLM

SKANSKA, the Swedish construction and investment group, expects its profits to fall to SKr 850m ($107m) this year from SKr 919m in 1984 and SKr 1.63bn in 1983.

Profits (before tax and allocations) in the first eight months fell to SKr 586m from SKr 609m a year earlier.

Profitability in the domestic construction market has deteriorated further in the face of over capacity and increasing costs, even though the prolonged fall in building investment has been slowed.

House building, which has been falling throughout the 1980s, is still declining, with a drop of 15 per cent in building starts in the first eight months of the year. Industrial construction activity has picked up significantly, however.

Skanska group turnover rose to SKr 8.68bn in the first eight months of the year from SKr 8.278bn a year earlier. For the full year, turnover is expected to total SKr 15.2bn, compared with SKr 14.765bn in 1984.

At the end of August, the group had an order book worth SKr 10.4bn. New orders from abroad have been lower than expected, however,

UK building society floater restores investor confidence

BY MAGGIE URRY IN LONDON

BRITAIN'S newly merged Alliance and Leicester Building Society restored confidence in the new Eurosterling building society floater market with a £150m issue yesterday. It is the sixth building society to make such an issue, and lead manager S.G. Warburg was careful to structure the deal to make it more attractive to investors.

The eight-year bonds, of which a further £50m is available on tap over the next year, pay a ⅛ per cent margin over three-month London interbank offered rate (Libor), more generous than the Halifax, Nationwide and Abbey National issues. However, front end fees are lower at 20 basis points, giving an all-in cost to the borrower of 16.2 basis points above Libor.

Warburg also adopted the idea, used by Hambros Bank for the Britannia issue, of fixing the first coupon at launch so that investors could be sure of the return. This coupon will be paid in May 1986, by which time the building societies are expected to be able to make gross payments, at the annual rate of 11$\frac{11}{16}$ per cent.

The issue was an instant success, with the bonds trading above the par issue price.

New South Wales Treasury Corporation was the first Australian state to tap the Eurosterling market with a £50m, seven-year issue also led by Warburg. The coupon is 10⅝ and issue price par. The bonds were meeting demand at around 98⅝, giving investors a yield slightly higher than UK government stocks.

The Eurodollar market was calmer following the flurry of new issues on Tuesday. Prices were little changed.

Banque Indosuez launched a $125m floater with a maximum coupon of 13 per cent. The 12-year bonds pay interest at ¼ per cent over six month Libor and are issued at par. Banque Indosuez led the issue itself. Fees total 75 basis points and the bonds were quoted around 99.55.

In the Yankee market, Morgan Stanley set terms for Sweden's 30-year issue, which was increased from $250m to $300m. The coupon is 10¼ per cent and issue price 99⅝. Investors can put the bonds at par after 10 years.

In the Euroyen dual-currency market, Yamaichi International (Europe) launched a Y20bn, 10-year issue for Dansk Naturgas. The bonds will be redeemed at an exchange rate of Y184 to the dollar and pay a 8 per cent coupon. Issue price is 101½.

New issues continued to flood into the D-Mark Eurobond market, depressing prices further. Secondary market prices fell by ¼ point on average, with new issues falling more. Trading was quiet with no buying interest seen.

Even so, two more deals were launched yesterday. Tenneco is raising DM 250m through a 10-year issue paying a 6⅞ per cent coupon and issued at par. Commerzbank is lead manager. The bonds were quoted only just inside the 2½ per cent total fees. The other issue was a DM 250m deal for Thyssen, also led by Commerzbank, which is part of a financing package including a $50m deal led by Deutsche Bank and a $75m note facility.

In the Swiss franc foreign bond market, secondary market prices were stable or slightly firmer yesterday. Newfoundland's SwFr 150m, 15-year deal ended its first day's trading at 98¼ down from its 99⅞ issue price – a disappointing debut. The coupon is 5⅞ per cent.

SBC announced a two-part private placement for Mitsui, the Japanese steel, chemical and electronics group, both for SwFr 100m. One matures in March 1991 and has a 1 per cent coupon with redemption at 105. The other matures in September 1991 and has an indicated yield of 2 per cent with redemption at par.

The European Investment Bank is the first foreign borrower to make a bond issue in the Irish domestic bond market. The deal has been dubbed a "wolfhound" issue. The I£15m deal is being led by Allied Irish Investment Bank. The maturity is 10 years and coupon 11¼ per cent with issue price set at 97.80.

Thyssen sets $75m Euronote facility

By John Davies in Frankfurt

THYSSEN, the West German steel company, has arranged a $75m Euronote facility through a bank consortium as part of a dollar and D-Mark financing package.

It is the latest company to make use of this financial instrument, which has aroused considerable attention in West Germany in recent months.

The five-year facility, at variable interest rates, is being organised through a consortium led by Deutsche Bank and Commerzbank.

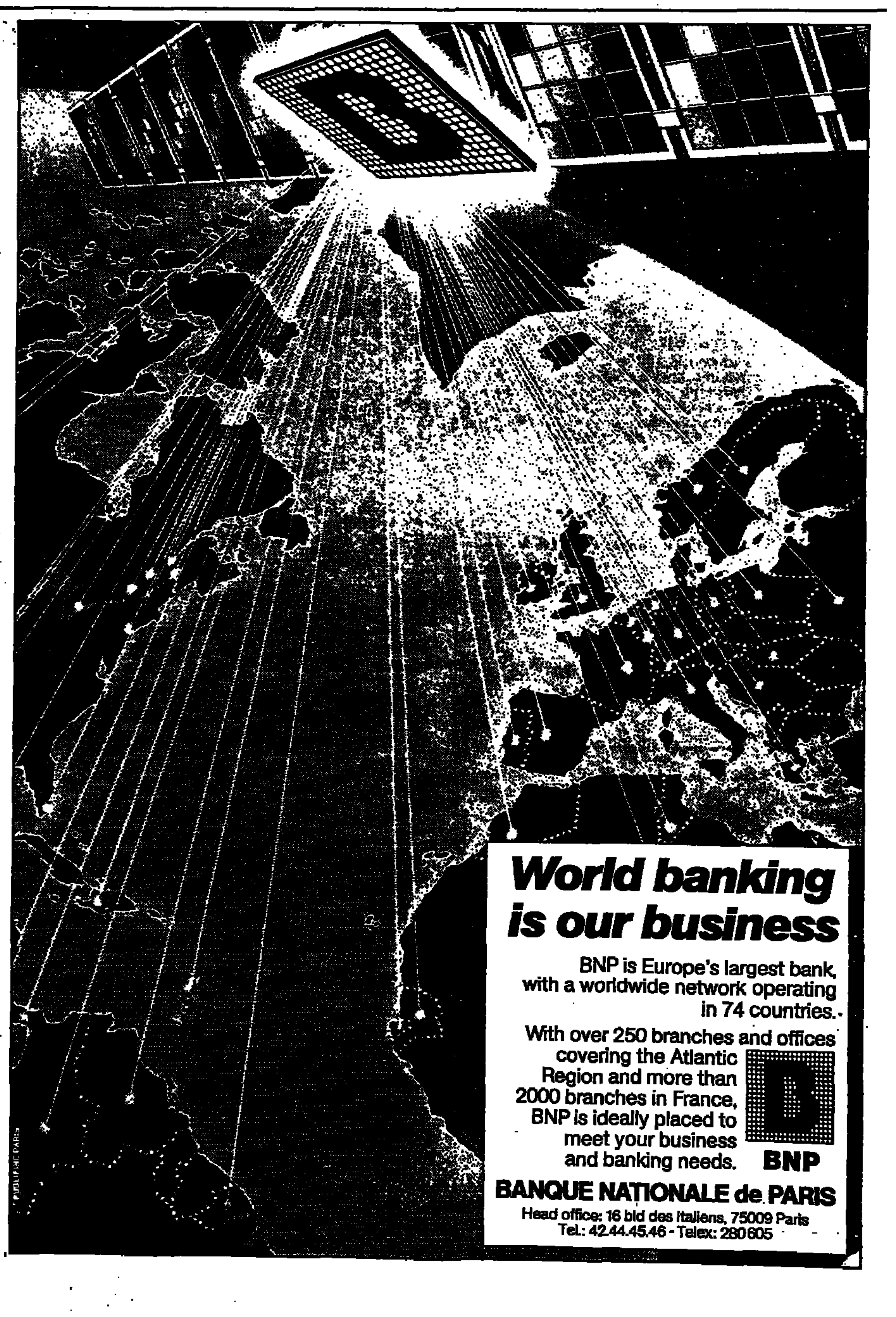
Thyssen is also issuing a $50m Eurobond for seven years at 10.5 per cent through a consortium led by Deutsche and Commerzbank, and a DM 250m Eurobond for 10 years at 6.75 per cent through a consortium led by Deutsche and Commerzbank, with Westdeutsche Landesbank.

The steel group indicated that the package had the general aim of improving the structure of the company's financing, without any specific object in mind.

Earlier this year, Klöckner, the steel trading and engineering concern, arranged a $50m revolving note issuance facility.

BHF Bank bond average

Oct 23		Previous
104.298		104.381
High	1985	Low
105.603		99.840



INTL. COMPANIES & FINANCE

JVC shows sharp drop in first-half earnings

BY YOKO SHIBATA IN TOKYO

VICTOR COMPANY of Japan (JVC), which in the past has drawn strong profits from its video cassette recorders (VCRs), has suffered a sharp drop in earnings, its first since 1983.

Pre-tax profits fell 37.2 per cent to Y13.3bn ($61.7m) in the first half to September, a deterioration attributed mainly to softer market prices of VCRs caused by heavy sales competition in a shrinking market. Slack sales of information machines such as video display units were another factor.

Net profits were halved to Y4.5bn from Y9bn, on sales which at Y306.5bn showed a fall of 1.2 per cent.

Turnover in VCRs, the company's mainstay product line, fell 7 per cent to Y186bn caused by a near 20 per cent cut in market prices. Shipments in January to August totalled 2.35m units and it appears unlikely that the company will match last year's total of 4.27m units. VCR makers' profit margins are under heavy pressure amid intensified price-cutting.

Audio equipment sales also slowed due to a delay in the full-fledged marketing of compact disc players. Information-related equipment sales were also stagnant, reflecting a slump in the U.S. personal computer market.

In the current half to March 1986, JVC plans to introduce a range of high-resolution VCRs. This, however, will not contribute to earnings until the following fiscal year. Despite China's moves to curb imports of colour television sets, JVC expects a continued high level of exports because it sells in the form of knockdown kits.

In an attempt to halt a further deterioration in earnings, JVC is trimming its capital investment plans and putting other cost-cutting measures into effect in the current half. There appears, however, to be no scope for an early recovery in the consumer VCR market.

For the full year to next February, JVC's pre-tax profits are forecast to drop by 37 per cent to Y27bn, with projected net profits of Y10.5bn, down by 47 per cent. This is based on sales of Y615bn, down by 5.4 per cent.

Korea to allow foreign bonds

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREA'S Ministry of Finance is putting the final touches on regulations that will allow Korean companies to issue convertible bonds in overseas markets for the first time. The believe that an announcement is imminent has been strong enough to prompt a rally on the Seoul Stock Exchange.

The market has returned to levels not seen since January, after having languished through the year because of sluggishness in the economy.

The ministry has made no formal announcement, but according to drafts of the regulations circulating earlier, only Korea's largest companies, with issued capital in excess of 40bn won ($45m) would be eligible to issue bonds for up to 20 per cent of their outstanding shares.

Local securities fi,rms have been queueing to participate in underwriting the issues on the expectation that foreign interest would be keen. The Korean Government has so far authorised only indirect foreign investment in the equity market through international trust funds which total $200m.

The issues have been well received, with many investors believing that the Korean market, with price earnings ratios of about five, may be poised to take off.

The Government, however, has been nervous about allowing greater foreign access to the market before it becomes more mature. The market is still thinly capitalised at about $6bn.

NZ Stock Exchange to ease rules

THE NEW ZEALAND Stock Exchange plans to liberalise some of its rules to allow more access to non-members, Reuter reports from Wellington.

Mr Rex Pearson, president of the exchange, said non-brokers would be allowed to own up to half of a stockbroking firm, provided a majority of the board were exchange members.

Brokers will also be able to merge with foreign or New Zealand securities firms and establish as many outlets as they wish. In addition, they will be allowed to incorporate, with a minimum paid-up capital of NZ$500,000 (US$291,400). Advertising rules are being repealed.

The changes are subject to government approval.

Overseas investors plan boosts Taiwan shares

TAIWANESE share prices have risen sharply following a proposal by the Securities and Exchange Commission (SEC) to allow direct investment by foreign institutions on the local stock market, Reuter reports from Taipei.

The exchange's weighted price index rose to 778.54 yesterday from 717.53 a week ago. In July the index dipped as low as 636.02 compared with a 969.25 peak in May 1984.

Mr Chang Chang-pang, an SEC official, said a meeting would be held next Tuesday to discuss regulations governing securities investment from overseas and procedures for foreign exchange remittance.

Mr Chang said the meeting, sponsored by the SEC, would be attended by officials of the finance and economics ministries and the central bank. Earnings on overseas equity investments would be tax exempt and not subject to foreign exchange control, but profits could not be remitted until a year after the investment, he said.

Mr Chang said that if the new proposal is adopted, foreign companies would be thoroughly screened before being allowed to invest. Individuals would not be allowed to invest directly.

The Taiwan stock market was partly opened to foreign investors in October 1983 when an offshore investment fund was set up for indirect investment. The fund has so far raised US$ 81m.

Asea acquires control of Stockholm stockbroker

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ASEA, the Swedish electrical engineering group, has bought 100 per cent control of Winston Hakansson and Co, a Stockholm stockbroker.

Asea is the second of Sweden's large cash-rich corporations to have established its own internal banking operations and at the same time to have moved more deeply into the financial services sector.

Volvo, the motor vehicles, energy and food group, and Scandinavia's biggest industrial corporation, set up its own internal "bank" earlier this year, A. B. Fortos, with an equity of SKr 500m ($63m), which makes it larger than all but the biggest banks in Sweden.

A. B. Fortos, which is becoming one of the biggest operators in the Swedish money markets and which also handles Volvo's foreign exchange business, is the parent company for Volvo's other financial interests which include Alfred Berg, the Stockholm stockbroker.

Volvo, along with Skanska, Scandinavia's biggest construction group, also controls indirectly another broker, Jacobsson and Ponsbach.

Asea said the acquisition of Winston Hakansson was "a natural step in the group's strategy to establish a new business area" in financial services.

In June it announced that it was forming a subsidiary, Asea Kapitalförvaltmang, to manage its liquid assets in Sweden amounting to more than SKr 6bn.

The original intention was that this susbidiary, which would also handle Asea's foreign exchange transactions, would itself acquire a money market dealing licence allowing it to take on business external to the Asea group.

With the acquisition of Winston Hakansson, Asea has now dropped this idea. Asea Kapitalförvaltmang will manage the group's own cash resources

Mr Lars Thunell, Asea executive vice-president who joined the group as finance director in 1983, is to become chairman of the brokerage.

Japanese bank in China fund venture

By Our Financial Staff

BANK OF CHINA, the Chinese central bank, has linked with Hokkaido Takushoku, one of the smaller Japanese commercial banks, to set up a joint $220m fund to promote industrial development in Shenzhen, the special economic zone bordering Hong Kong.

The two have injected equal amounts into the fund, to be called the Shenzhen Industrial Development Credit Fund, which they said was planned eventually to be increased to $500m.

It has been set up through Bank of China's Shenzhen branch and Takugin International (Asia), an offshoot of the Japanese bank

BHP options manoeuvre by Holmes à Court

By Michael Thompson-Noel in Sydney

MR ROBERT Holmes à Court yesterday unveiled another ingenious manoeuvre involving shares in Broken Hill Proprietary (BHP), Australia's largest company.

The Perth entrepreneur said Bell Resources, an offshoot of his master company, Bell Group, would issue 30m options over BHP shares to its own shareholders at 50 cents each. The options will give Bell Resources shareholders the right to buy BHP shares from Bell Resources at A$9 each on or before next July 15.

The issue could yield A$15m (U.S.$10.6m) immediately for Bell Resources, plus a further A$270m if the options are exercised.

Mr Holmes à Court said recently that Bell Resources held an interest in 113m BHP shares — about 11 per cent of the company — mostly in the form of option contracts. His complex dealings in BHP shares have already produced substantial profits, and generated intense speculation about his real motives.

BHP seemed unworried by yesterday's announcement.

Bell Resources holds an option on more than 70m BHP shares currently held by Adelaide Steamship, a fellow corporate raider. Yesterday's manoeuvre is thought to hold few perils for Bell Resources.

BHP shares closed 10 cents higher at A$8.90 amid heavy trading, particularly among BHP October options, which helped push the Australian All Ordinaries Index 3.5 higher to a record close of 1046.

Singapore facility for Multi-Purpose

By Chris Sherwell in Singapore

SINGAPORE'S first revolving underwriting facility (RUF) for a Malaysian corporate borrower is to be signed today by Multi-Purpose Holdings, but at U.S.$ 41m it is more than a third less than the originally-planned U.S. $65m.

Multi-Purpose, a predominantly Chinese investment holding company, includes among its 200 subsidiaries and associates such companies as Dunlop Estates, Malaysian French Bank, Magnum Corporation, Mulpha International Trading Corporation and Bandar Raya Developments.

It is understood that the size of the RUF was cut by Bank Negara, Malaysia's central bank, even though banks were willing to lend significantly more than U.S.$ 65m.

A RUF allows a corporate borrower to raise money through a panel of banks which bid for its notes. Underwriting banks stand ready to supply funds not furnished by the tender. Multi-Purpose wants the facility to refinance exisiting borrowings and to finance further investment in Malaysian French Bank.

Seiyu profits

SEIYU, the Japanese supermarket chain, made profits both in 1984-85 and the first half of the current year. It was incorrectly stated in the Financial Times of October 22 that Seiyu was in the red the previous year. As the accompanying table indicated, pre-tax earnings for the six months to August 1985 rose 25.6 per cent to Y3.88bn ($18m).

BASE LENDING RATES

Bank	Rate	Bank	Rate
ABN Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co Ltd	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co	12½%
BCCI	11½%	Meghraj & Sons Ltd	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd	11½%
Bank of Scotland	11½%	National Bk of Kuwait	11½%
Banque Belge Ltd	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westeminster	11½%
Beneficial Trust Ltd	12½%	Northern Bank Ltd	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd	12½%
Cayzer Ltd	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co Canada	11½%
Citibank NA	11½%	■ Charterhouse Japhet	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co Ltd	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	1[illegible]
Continental Trust Ltd	11½%	Whiteway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd	13 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd	12½%		
■ Robert Fleming & Co	11½%		
Robert Fraser & Ptrs	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	131	—	6.6	5.0	7.3	8.7
151	139	Ass. Brit. Ind. CULS	137	—	10.0	7.3	—	—
77	43	Airsprung Group	57	+1	6.4	11.2	9.6	12.4
46	28	Armitage and Rhodes	45	—	4.3	9.6	8.6	6.7
162	108	Bardon Hill	162	—	4.0	2.5	20.5	21.3
64	42	Bray Technologies	57xd	—	3.9	6.8	7.0	8.0
201	155	CCL Ordinary	155	—	12.0	7.7	3.8	3.6
152	104	CCL 11pc Conv. Pf.	104	—	15.7	15.1	—	—
130	10	Carborundum Ord.	125xd	—	4.9	3.9	6.2	9.7
92	83	Carborundum 7.5pc Pf.	92	—	10.7	11.6	—	—
73	46	Deborah Services	52xd	—	7.0	13.5	5.4	7.1
734	182	Frank Horsell	734	+64	1.4	0.2	17.3	23.3
602	170	Frank Horsell Pr.Ord.87	602	+53	11.9	1.9	14.2	19.1
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	79	—	—	—	3.2	5.9
50	20	Ind. Precision Castings	44	—	3.0	6.8	11.6	9.7
218	177	Isis Group	190	—	15.0	7.9	14.6	21.8
124	101	Jackson Group	107	—	5.5	5.1	7.2	7.2
285	213	James Burrough	256	+1	15.0	5.9	8.0	8.0
94	83	James Burrough 9pcPf.	94	—	12.9	13.7	—	—
95	71	John Howard and Co.	84	−1	5.0	5.9	8.7	10.5
225	100	Linguaphone Ord.	180	—	—	—	6.6	8.9
100	90	Linguaphone 10.5pc Pf.	90	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	570	—	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	79	—	—	—	10.3	22.6
60	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle	68	—	5.0	7.4	3.4	6.2
444	320	Trevian Holdings	320	—	4.3	1.3	18.2	17.9
35	17	Unilock Holdings	35	—	2.1	6.0	9.5	9.3
113	81	Walter Alexander	110	—	6.6	7.7	6.2	7.6
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

Prices and details of services now available on Prestel, page 48146

INTL. COMPANIES AND FINANCE

National Intergroup back in the black

BY TERRY DODSWORTH IN NEW YORK

NATIONAL Intergroup, the U.S. steel, energy and financial services company that fought off a takeover bid this year, broke back into profit in the third quarter of this year as a result of asset sales and a strong performance from its recently acquired oil and gas division.

Net income amounted to $16.9m, or 60 cents a share, in the three months, against a loss of $14m, or 88 cents a share in the same period of 1984. Sales increased to $670m from $548.4m last year.

In the first nine months, National lost $13.3m, or $1.20 a share, compared with a loss of $3.9m, or 77 cents in 1984, while sales dropped to $1bn from $2.1bn. The fall in revenue reflected the change to the equity method of accounting for the group's interest in National Steel after the joint-venture agreement with Nippon Kokan of Japan.

The results were helped by operating income of $7.7m from Permian, the oil and gas company acquired by National in August, and a $8.5m gain on property sales by First Nationwide Financial.

Mr Howard Love, chairman, said another bright sign in the quarter was the elimination of losses at National Steel, despite severely depressed prices. Operating income in the division amounted to $7.3m, and net profits to $200,000, while steel shipments declined by 1 per cent to just over 1m tons.

3M hit by softness in high-technology sector

BY OUR FINANCIAL STAFF

MINNESOTA Mining and Manufacturing (3M), the U.S. conglomerate, reported earnings for the third quarter of $173m or $1.52 a share, down from $198m or $1.70 a share last time.

Revenues were slightly ahead at $2.02bn, against $1.99bn.

The group blamed the decline in part on softness in the electronic and information technology sectors.

The company expects softness in the electronics industry and portions of its magnetic media markets to continue in the fourth quarter, so that any improved results will not be enough to bring full-year earnings to 1984's record level.

For the nine months, earnings fell to $516m, or $4.49 a share, against last time's $566m or $4.84. Revenues were $5.88bn, compared with $5.83bn.

Third-quarter net income was reduced by about $12m, or 11 cents a share, because of the strength of the dollar.

Changes in pension costing reduced pension expenses by $9m and increased net income for the quarter by $5m, or 4 cents a share.

Pension expenses and earnings for the first two quarters of 1985 have been restated to reflect this change, resulting in increases to first-half earnings of $11m or 9 cents a share.

Last year 3M reported earnings of $733m or $6.27 a share.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 23.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅛ 90	100	102	102½	+0⅛	[illegible]	[illegible]
Amex Credit 12⅝ 89	150	106¾	106⅞	0	[illegible]	[illegible]
Atlant Richfld 10¼ 00	250	95⅝	96⅛	+0⅛	[illegible]	[illegible]
Australia Com 11¼ 00	100	103⅞	104⅜	+0¾	[illegible]	[illegible]
Australia Com 11 95	200	103¼	103¾	+0⅜	[illegible]	[illegible]
BP Capital 11⅛ 92	150	102⅞	103⅜	+0⅛	[illegible]	[illegible]
Canada 11½ 90	500	105⅜	105⅞	0	[illegible]	[illegible]
Canadian Pac 10¾ 93	100	102½	103	+0⅛	[illegible]	[illegible]
Canadian Pac 12½ 89	75	108	108½	−0¼	[illegible]	[illegible]
Chevron U.S.A. 12¼ 89	600	104¾	105¼	+0⅛	+0⅜	10.88
Citicorp 10 88	200	100⅜	100⅞	0	+0⅛	9.71
Citicorp 11½ 95	150	101½	102	0	+0⅜	11.17
Coca Cola 11¼ 91	100	106½	107	0	+0⅜	10.19
Denmark Kingdom 11¼ 89	100	103	103½	−0⅛	+0⅜	10.07
Denmark Kingdom 11½ 90	100	103⅞	104⅜	+0⅛	+0¼	10.28
Denmark Kingdom 11½ 92	100	103⅜	103⅞	+0⅛	+0⅝	10.86
E.D.F. 10 95	225	95⅞	96⅜	+0¼	+0⅞	10.64
E.E.C. 9⅝ 90	350	98	98½	+0⅛	+0⅜	10.06
E.E.C. 11⅛ 90	100	103⅜	103⅞	+0⅛	+0½	10.01
E.I.B. 12 95	200	107⅜	107⅞	+0¼	+0⅞	10.66
Export Dev Corp 10 90	100	99¾	100¼	0	+0¼	9.97
Export Dev Corp 12 89	100	106⅛	106⅝	−0¼	+0⅛	9.99
Fed Dep Stores 10⅛ 95	100	97¼	97¾	−0⅛	+0½	10.53
Ford Motor Cred 11⅜ 90	100	102¾	103¼	0	+0¼	10.44
Ford Motor Cred 11⅝ 95	100	102⅞	103⅜	+0⅛	+0⅝	11.05
Ford Motor Cred 11¾ 92	100	103⅜	103⅞	0	+0⅝	10.91
Ford Motor Cred 12 95	100	104⅞	105⅜	+0¼	+0½	11.07
Gen Elec Credit 10¼ 00	200	100⅞	101⅜	+0⅛	+0¼	10.08
GMAC 10¼ 89	200	100⅝	101⅛	+0⅛	+0⅛	9.91
IBM Credit 10⅜ 2000	300	101¾	102¼	0	+0⅝	10.09
Kellogg Company 10⅞ 90	100	102⅝	103⅛	0	0	9.98
Kellogg Company 11¼ 92	100	104	104½	+0¼	+1	10.27
L.T.C.B. 12⅛ 91	100	109¾	110¼	+0⅛	+0⅜	10.54
Macy Cred Corp 11⅜ 95	100	101⅝	102⅛	0	−2⅛	11.38
Merrill Lynch 12¾ 89	100	105½	106	0	+0⅛	10.87
Minnesota 11½ 87	100	103⅝	104⅛	+0⅛	+0¼	9.33
Mitsui Trust 11⅝ 90	100	102⅞	⅜	+0⅛	+0½	10.71
Morgan Guaranty 12⅛ 89	150	106½	107	−0¼	+0⅛	10.21
Pru Realty secs 12⅛ 95	546	106¼	106¾	+0⅛	0	10.95
Qantas Airways 10⅝ 95	140	99⅛	99⅝	+0⅛	+0¾	10.46
Quebec Hydro 11½ 92	100	105¾	106¼	+0⅜	+1	10.26
Queensland Govt 10¼ 95	100	97½	98	+0¼	+1¼	10.62
Ralston Purina 11¼ 95	150	104¾	105¼	0	+0½	10.36
Ralston Purina 12¼ 89	100	107⅝	108⅛	+0⅛	+0½	10.24
Saskatchewan 10¼ 92	100	102	102½	0	+0⅝	10.22
Saskatchewan 11⅛ 89	100	105¼	105¾	0	+1	9.85
Statoil 10 90	170	99⅜	99⅞	0	+0¼	10.08
S Wales Tsy 11¼ 90	150	105¼	105¾	+0⅛	+0⅝	10.13
Swed Exp Cred 10 92	100	97⅞	98⅜	+0¼	+0⅝	10.38
Swed Exp Cred 12¾ 89XW	100	107¼	107¾	+0¼	+0⅜	10.29
Sweden Kingdom 10⅞ 90	200	102⅝	103⅛	+0⅛	+0⅝	10.02
Sweden Kingdom 11½ 89	300	104½	105	+0⅛	+0½	10.02
Sweden Kingdom 11¼ 94	100	105⅝	106⅛	+0¼	+0½	10.70
Tenneco Corp 10¼ 95	150	100	100½	+0⅜	+0¼	10.69
Texaco Capital 10 95	300	93⅞	94⅜	0	+0¼	10.99
Texaco Capital 11⅛ 95	250	101¼	101¾	+0⅛	+0⅞	10.94
Tokai Asia 11½ 95	100	103¼	103¾	+0¼	+0⅜	10.57
United Tech Fin 10⅝ 95	100	99¼	99¾	+0⅛	+0⅝	10.70
Victorian Rep 11⅛ 92	150	104⅛	104⅝	+0⅛	+0½	10.63
World Bank 10⅛ 95	300	98	98½	+0¼	+0¾	10.40
World Bank 12⅞ 94	200	112	112½	+0⅛	+0¾	10.66

Average price change On day +0⅛ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	105¾	106½	−0⅛	−0⅛	7.05
Austria Republic 7⅝ 94	200	103¼	104	−0⅛	−0⅝	7.03
Baxter Travenol 7¼ 94	200	101¼	102	−0⅜	−0⅝	6.98
Copenhagen 7⅜ 95	150	101¼	102	−0⅛	−0⅛	7.12
Credit National 8⅛ 94	200	106⅝	107⅛	0	0	7.02
E.I.B. 7¼ 94	300	101⅝	102⅛	−0⅛	+0⅝	6.96
Escom 8 92	150	95⅝	96⅜	−1	−1½	8.82
Ex-Im Bk Korea 7⅜ 90	100	100⅜	100⅞	−0⅛	+0⅜	7.45
Ferrovie Dello Stato 8 91	100	104⅛	104⅞	+0⅜	+0¼	6.96
Finland Republic 7 92	200	100⅝	101⅜	0	0	6.79
Gould Int Fin 7⅜ 91	100	102⅝	103⅜	−0¼	−0¼	6.94
Ireland 8⅛ 92	150	105	105¾	+0⅛	−0⅛	7.06
Japan Fin Corp 7½ 91	100	104½	105¼	−0⅜	−0⅝	6.56
Mitsubishi Hvy 3½ 89WW	300	172⅞	173⅜	−7¾	−3½	−12.21
Mitsubishi Hvy 3½ 89XW	300	90⅞	91⅝	−0½	−0½	6.41
Mitsubishi Mel 3⅜ 89WW	100	106⅞	108⅛	+0⅛	+0¼	1.25
Mitsubishi Mel 3⅜ 89XW	100	89⅜	90⅛	−0⅛	−0¼	5.99
Quebec Hydro 7⅛ 95	200	101⅛	101⅞	0	0	6.90
Rente 7¼ 95	100	102⅜	103⅛	0	+0½	7.33
Soc Cent Nuclear 7¼ 95	150	101⅞	102⅝	−0⅛	+0⅞	6.88
Societe Cent Nuclear 8 91	100	106¼	107	0	+0⅜	6.58
Sth African Tran 7⅝ 92	100	93½	94¼	−0½	−0⅝	8.82
World Bank 7 95	600	100¼	100¾	−0¼	0	6.92
World Bank 7¼ 89	100	103¼	103¾	−0⅛	0	6.52

Average price change On day −0¾ on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅝ 94	130	†100	100¼	0	−0¼	5.36
Brit land Comp 6½ 99	75	†105½	105¾	+0⅞	−0⅛	5.90
Council of Europe 6 92	120	†103½	103¾	+1	+1⅜	5.37
Creditanstalt 5½ 94	100	†99¾	100	−0¼	+0⅛	5.51
Deutsche Bk Fin 5⅛ 95	100	†102½	102¾	−0¼	−0⅝	5.01
E.I.B. 5⅝ 94	120	†102	102¼	0	−0⅛	5.57
Gen Occidentale 4½ 94	80	†102½	102¾	0	−0⅜	4.15
Glendale Fed S&L 5½ 95	100	†99	99¼	+1¼	+1	5.62
Ind Fund Fin 5¼ 94	40	†101½	101¾	+0½	−0⅝	5.52
Int-Am Dev Bk 6⅛ 94	120	†103	103¼	0	−1⅛	5.67
N Zealand Steel 5¼ 95	70	†99½	99¾	−0½	−0⅝	5.79
Oboros Khwk 5⅝ 95	100	†99	99¼	−0½	−0⅞	5.49
Olivetti Intl 5½ 95	100	†100½	100¾	0	−0⅜	5.41
Pepsico 5¼ 95	130	†100½	100¾	−0½	−1⅛	5.16
Ralston Purina 5⅜ 94	125	†101¼	101½	+0¼	−0¼	5.18
Santos Finance Ltd 6 94	130	†99¾	100	−0¼	−0¼	6.02
Tokyo Elec Pwr 5½ 93	120	†100⅞	101	+0¾	+0⅝	5.35
Tokyo Metropolis 5¼ 94	80	†100½	100¾	0	+0¼	5.16
World Bk 5¼ 94	150	†102½	102¾	+0½	+0½	5.38

Average price change On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Gas & Light 13 92 SA	50	98⅞	99⅞	+0⅛	+0⅝	13.12
GMAC 12⅞ 88 A$	35	97⅛	98⅛	+0⅛	+0¼	13.69
Kellogg Co. 12¾ 88 A$	30	96⅝	97⅝	0	+0⅝	13.98
Midland Int'l 13⅜ 90A$	50	99⅛	100⅛	+0⅜	0	13.45
Amex 10¾ 90 C$	50	100¾	101¼	+0⅛	+1	10.44
CIBC 10¾ 90 C$	75	†101¾	102¼	+0½	+3¾	10.21
Genstar Fin 11¾ 95 C$	75	99½	100	+0⅛	+1⅛	11.77
Hamil-Went'th 10¾ 95C$	25	†94	94½	+0¼	−0½	11.75
Montreal 11½ 95 C$	75	102⅝	103⅛	0	+0¼	10.98
Sears Acc. Co 10⅞ 92C$	75	†96¼	96¾	+0¼	+1⅛	11.37
Winnipeg City 10⅝ 90C$	50	101¾	102¼	+0¼	+1⅜	10.05
Chrysler Fin Corp 17 90NS	65	92½	94	+0¼	+0¾	19.20
K.O.P. 16¼ 91 NS	50	88½	89½	0	−0½	19.62
Privatbanken 16⅝ 88 NS	50	95⅝	97⅛	+0⅛	+0⅜	18.03
B.N.P. 8⅞ 95 ECU	75	98¾	99½	+0⅛	−0⅛	9.01
IBM Wld Trade 8¼ 90ECU	150	99⅝	100⅜	+0¼	+0⅜	8.24
Sec Pac Aust 8¾ 90 ECU	100	98½	99	+0¼	+0⅛	9.07
Honda Motor WW 3⅞ 90FL	100	102½	103	0	+0⅛	3.19
Honda Motor XW 3⅞ 90FL	100	88⅛	88⅝	0	−0⅜	7.03
Thyssen 7¼ 90 FL	50	101⅛	101⅝	+0⅛	+0⅛	6.90
Wereldhave 7½ 90 FL	75	101¼	101¾	0	−0¼	7.11
Wessanen 6¾ 90 FL	50	98⅛	98⅝	0	−0⅛	7.15
S.N.C.F. 11 2000 FF	500	100½	101	0	+1	10.88
Australia Comm 11 92 £	40	100½	101	−0⅛	−0⅛	10.80
BP Capital 10¾ 92 £	50	100¼	100¾	0	+0¼	10.64
E.I.B. 11⅛ 93 £	50	100¾	101¼	0	+0¼	10.89
GMAC UK Fin 10½ 90 £	30	99⅛	99⅝	+0⅛	+0⅜	10.64
Imp Chem Inds 11¼ 95 £	75	101⅜	101⅞	+0⅛	+0½	10.96
Imp Chem Inds 10¾ 92 £	75	98⅝	99⅛	0	+0⅛	10.98
Mcdonalds 10⅞ 90 £	40	100⅞	101⅜	0	+0⅛	10.51
Mitsubishi Fin HK 11 90 £	50	99⅞	100⅜	+0⅛	+0⅛	10.92
Privatbanken 11⅞ 92 £	20	101½	102	0	0	11.44
Rank Xerox 11 92 £	40	100⅛	100⅝	−0⅛	0	10.88
Royal Ind 10¾ 92 £	60	98⅛	98⅝	0	+0¼	11.08
Ster Drug Cap 10⅞ 90 £	30	100⅜	100⅞	0	+0¼	10.65
Tricentrol XW 11 92 £	35	96½	97	0	0	11.70
Trusthouse Forte 90£	50	99⅞	100⅜	0	0	11.05
World Bank 11¼ 95 £	100	101⅝	102⅛	−0⅛	+0⅛	10.90
E.C.S.C. 10½ 94LF	100	105¼	106¼	0	+1⅛	9.49
Nat Lux Alum 10½ 92 LF	600	103⅜	104⅜	−0⅜	−0½	9.63

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	†99¾	100	28/10	8.1	8.11
BankAmerica O/S 5¼ 96	0⅛	100⅛	100⅜	30/12	8⅛	8.10
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 99	0⅛	100⅛	100⅜	13/12	8¾	8.73
B.N.P. 5¼ 95	0	101⅜	101⅝	10/1	5¼	5.17
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/1	8¼	8.24
B.N.P. 5¼ 99	0⅛	100⅛	100⅜	5/6	5¼	5.24
Britannia 5 93	0⅛	99⅞	100⅛	8/1	5	5.00
C.C.F. 5¼ 97	0	99¾	100	28/10	8.19	8.20
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/12	8.44	8.44
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Credit Lyonnais 5 00	0	100⅛	100⅜	10/1	5	4.98
E.E.C. 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.06
E.N.E.L. 5 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.99
Iceland 5¼ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.26
Ireland 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.68
Ireland 5¼ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.90
Lloyds Bank Perp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.98
Midland Bank Perp 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.10
Nat West Perp A 5¼ 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.24
Nat West Perp B 5¼ 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.80
New Zealand 5 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.58
Roy Bk Canada 5 2005	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.25
Roy Bk Scot 5 2005	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.78
United Kingdom 5 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00

Average price change On day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.23
Comcast 7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28.86
Fanuc 3⅝ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	66.72
Fuji Hvy Inds 3 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.48
Fujitsu 3 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.91
Kumagai Gumi 3½ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.69
Marui 3½ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.72
Mitsubishi Elec 2⅞ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.77
Murata 3½ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21.78
Nippon Elec 2⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	43.69
Nippon Oil Co 3 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.07
Oki Elec Ind 3½ 99	10/84	605	93⅝	94⅝	+0⅛	22.44
Orient Leasing 5¼ 98	6/83	2680	103½	105½	+0½	−2.77
Sekisui House 3 99	6/84	612	154½	156	−5⅜	−1.40
Sumitomo Bank 2¾ 2000	8/85	2142	98⅜	99⅜	−0⅛	7.86
Sumitomo Corp 2⅞ 99	5/84	593	137	138	−0⅞	−0.31
Taiyo Yuden 3¼ 2000	3/85	1078	†90	92	−1	−4.53
Takeda Riken 3⅜ 2000	10/84	7863	†88	[illegible]	0	18.71
Tokyo Sanyo Elec 3½ 99	12/84	772	93⅞	94⅞	+0⅛	4.34
Toshiba Ceramics 3 2000	4/85	1734.2	87⅛	88⅛	−0⅝	1.75
Nippon Oil Co 2¼ 92 SF	3/84	1052	†101½	102	+0½	32.92
Nippon Shinpan Co 2 92 SF	3/84	801	†111½	112	−1	14.06
Asics 5 92 DM	12/83	520	106	107	−0⅛	16.37
Renown 3⅛ 90 DM	3/85	675	108½	109½	0	−2.86
Sum Realty 6¼ 92 DM	2/83	338	†348⅛	349⅛	−11⅞	−4.91

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

North American quarterly results

BORG-WARNER
Auto parts, chemicals plastics

Third quarter	1985 $	1984 $
Revenue	963.8m	949m
Net profits	53.1m	52.7m
Net per share	0.60	0.58
Nine months		
Revenue	2.94bn	2.93bn
Net profits	115.8m	149.5m
Net per share	1.30	1.65

CONSOLIDATED EDISON
Utility

Third quarter	1985 $	1984 $
Revenue	1.53bn	1.65bn
Net profits	207.7m	228.8m
Net per share	1.88	1.76
Nine months		
Revenue	4.17bn	4.35bn
Net profits	449.7m	464.2m
Net per share	3.39	3.51

CHUBB
Insurance

Third quarter	1985 $	1984 $
Revenue	–	–
Op. net profits	18.5m	11.8m
Op. net per share	0.63	0.60
Nine months		
Revenue	–	–
Op. net profits	63.2m	39.3m
Op. net per share	2.68	2.07

INGERSOLL RAND
Air compressors, industrial equipment

Third quarter	1985 $	1984 $
Revenue	612.2m	588.8m
Net profits	16.6m	11.5m
Net per share	0.78	0.52
Nine months		
Revenue	1.91bn	1.81bn
Net profits	47.5m	35.7m
Net per share	2.22	1.60

KROGER
Supermarkets

Third quarter	1985 $	1984 $
Revenue	5.06bn	4.62bn
Net profits	45m	38.6m
Net per share	1.01	0.86
Nine months		
Revenue	12.87bn	12.05bn
Net profits	123.2m	100.6m
Net per share	2.78	2.24

PITTSTON
Coal mining

Third quarter	1985 $	1984 $
Revenue	308.6m	350.1m
Net profits	1.22m	3.02m
Net per share	0.03	0.08
Nine months		
Revenue	940.5m	1.01bn
Op. net profits	†728,000	†2.02m
Op. net per share	†0.02	†0.05

†Loss

RORER
Pharmaceuticals

Third quarter	1985 $	1984 $
Revenue	138.3m	129.6m
Net profits	9.26m	9.87m
Net per share	0.43	0.47
Nine months		
Revenue	399.4m	371.4m
Net profits	27.86m	28.47m
Net per share	1.30	1.34

WASTE MANAGEMENT
Waste disposal

Third quarter	1985 $	1984 $
Revenue	424.3m	341m
Net profits	45.82m	39.06m
Net per share	0.92	0.80
Nine months		
Revenue	1.19bn	926.8m
Net profits	124.36m	103.33m
Net per share	2.51	2.13

WEIRTON STEEL
Steel producer

Third quarter	1985 $	1984 $
Revenue	297m	256m
Net profits	18.1m	15.8m
Net per share	–	–
Nine months		
Revenue	890m	846m
Net profits	48.6m	48.3m
Net per share	–	–

Continued on Page 35

INTL. COMPANIES & FINANCE

U.S. mortgage banker discovers a natural partner in insurance

BY MARY FRINGS IN DALLAS

DALLAS-BASED Lomas and *Nettleton Financial* Corporation, the biggest mortgage banking company in the U.S., this month revealed plans to quadruple the size of its insurance operation with the agreed $86.4m purchase of Jefferson National Life *Insurance* Company of Indianapolis.

The acquisition, which still requires the endorsement of *Jefferson shareholders* and of the Indiana Insurance Commission, will be a particularly good fit, since L and N has a natural market for insurance in its 700,000 mortgage customers and Jefferson will supply the administrative capability to write more business directly.

L and N is one of the few independents in the U.S. mortgage sector. Its $20bn loan administration portfolio puts it nearly $2bn ahead of its nearest rival, which is a subsidiary of *General Motors. It is not* a bank. Nor does it compare with a UK building society since it has *no* depositors and the core of its operations, *in* terms of revenues, profitability and stability, is mortgage servicing rather than long-term funding.

Basically, it originates loans to single-family home owners, builders and real estate developers, and "warehouses" them for up to 60 days before marketing them to its 860 institutional investors, who include *mutual savings banks*, life insurance companies, savings and loan associations, pension funds and commercial banks, as well as government agencies.

L and N is the largest mortgage service for the Federal National Mortgage Association ("Fannie Mae") and the largest issuer of securities backed by the guarantee of the Government National Mortgage Association ("Ginnie Mae"). Its portfolio for the year ended June *30 included $18.3bn of* mortgages on single-family dwellings and $1.9bn on commercial and multi-family properties, of which it would be warehousing $300m-$500m at any one time.

While mortgage banking activities employ 59 per cent of the company's assets of $1.32bn and produce 48 per cent of net income, another 23 per cent of *assets is employed in short-term* lending for the acquisition of land, and for development and construction. This contributes *23* per cent *of* net operating income.

Typically, short-term real estate and construction loans made jointly are 20 per cent for the company itself and 80 per cent for Lomas and Nettleton Mortgage Investors (LNMI), for which it serves as manager and investment adviser. LNMI is an *unincorporated* investment trust with total capital and credit resources of $520m. It is headed by the chairman and chief *executive of MCorp, the fourth* largest bank holding company in Texas, which had been associated with L and N since *its inception.*

About $125m, or 10 per cent of L and N's assets, are used in developing real estate for sale either to professional builders or to institutional investors, with a net income contribution of 14 per cent. The company also has a small participation (9.1 per cent) in the $51m capital of L and N Housing Corporation, which finances condominium developments.

Two new companies have been set up under L and N *management this year. In May,* the sale of limited partnerships netted capital of $29.5m for Lomas and Nettleton Institutional Mortgage Fund, which will invest in participating loans *secured by first mortgages* on income-producing commercial, retail and industrial property.

In September, a highly successful public offering of 5.6m $20 shares generated more *than $111m (after underwriting* costs) for Lomas Mortgage Corporation (LMC) which will invest in long-term fixed rate mortgages secured by single-family homes. L and N's own stockholding amounts to only 100,000 shares, less than 1.8 per cent of the total.

> L and N is one of the few independents in the U.S. mortgage sector. Its $20bn loan administration portfolio puts it nearly $2bn ahead of its nearest rival

L and N first began providing life insurance coverage for home-buyers in 1974, when it acquired National Homes. The group now has a wholly-owned subsidiary, Lomas Financial *Security Insurance Corporation* (LFSIC), with assets of $55m and $1.6bn worth of life insurance in force, but it has acted mainly as an agent and as a reinsurer.

The consolidation of this subsidiary into Jefferson National Life, which has 210 staff in its Indianapolis head office, as well as *1,000 agents* nationwide, means that L and N will be able to handle an increasing proportion of direct business as current treaties run out. The combined assets of the two companies will amount to $365m, *revenues to* $100m (including $30m in investment income) and insurance in force to $6bn.

Jefferson has capital of $60m and the agreed purchase price is 1.4 times book value. This is reasonable, according to Mr Kenneth W. Phillips, LFSIC president, since the going rate for insurance companies at *present ranges from* 1.4 to 1.7.

Although L and N points with pride to 12 years of uninterrupted growth and a 21 per cent improvement in net income for fiscal 1985, the mortgage banking division's profit margin declined from 23.7 per cent to 21.8 per cent. This was attributed partly to "market and competitive forces."

The reorganisation has been completed and is apparently paying off. The company's fore*cast of a 75 per cent increase* in single-family mortgage production, together with revenue and net income growth of 18 per cent *and 20 per cent for* fiscal 1986, is "right on target" in the first quarter, according to Gary White, the senior vice-president—control.

Net income of $11.128m, compared with $9.201m for the first quarter of fiscal 1985, is a 20.9 per cent improvement. It represents fully diluted earnings per share of 63c, up 15 per cent on the comparable *figure last year.*

Japan finds foreign bond sales 'over-aggressive'

BY CARLA RAPOPORT IN TOKYO

A TOP Ministry of Finance official has criticised the over-aggressive selling tactics of some foreign bond salesmen in Japan.

According to Mr Toyoo Gyohten, director-general of the International Finance Bureau, Japan's increasing appetite for *foreign bonds is in part due to* the naiviety of many of its small corporate and individual investors. Sales of foreign bonds in Japan in July leapt to $8.4bn, from $6.8bn in June. Sales for the whole of fiscal 1984 were $30.5bn.

"We are worried about the tactics of some foreign bond salesmen," Mr Gyohten said. When individual and small corporate investors are offered *foreign bonds,* he said, many salesmen only describe the higher interest rate that the bond will earn. "I doubt if they mention the exchange rate risk," he said.

Earlier in the summer, the MoF issued a warning to investors on potential exchange rate risk. "During the summer period," he said, "we noticed an aggressive push to individual corporations and small investors. We could sit back and let them decide about their own investments. But in the long tradition of financial order in Japan, we decided to speak up."

"If they suffer great loss because of reckless investment advice, this will become a kind of social/political issue. Even when small companies fail, regulatory agencies (in Japan) are blamed. We are trying to change this climate," he said, but such changes take time.

UK COMPANY NEWS

KIO has 8.49% of Royal Bank of Scotland

By Frank Kane

The Kuwaiti Investment Office yesterday revealed that it has a stake of 8.49 per cent in Royal Bank of Scotland, built up via the purchase of 14.06m shares which are understood to have come from Lloyds bank.

At yesterday's closing price of 290p, up 6p, for Royal Bank the shares would have cost just over £40m. Lloyds announced last week that it had sold the stake, but declined to disclose the purchasers. Their identity was apparent last night because when added to the KIO's existing 3.53 per cent holding the total stake topped the notifiable 5 per cent level.

The shares have made the round trip from the KIO to Lloyds and back to the KIO since December 1983, the date of the original Lloyds purchase.

Speculation about a possible bid for the Royal Bank has persisted since 1981 when the Monopolies and Mergers Commission ruled against two £500m takeover attempts from Standard Chartered Bank and the Hong Kong and Shanghai Bank.

It does not seem, however, as though the KIO stake will be used as a springboard for any future offer. It has held Royal Bank shares for some time, and also has a holding of 9.16 per cent in the Bank of Scotland.

Last week's Lloyds sale was prompted by an undertaking given by the bank in June last year to the director-general of Fair Trading, intended to avoid a referral of the Lloyd's stake—which then stood at just over 21 per cent—to the Monopolies Commission.

It aso said then that its original purpose in acquiring the holding had been achieved in June 1984 when the Royal Bank agreed to sell Lloyds its 39.3 per cent of the Lloyds and Scottish finance house.

BREMNER'S offer for Phillips Patents has become unconditional following acceptances in respect of 2.64m shares (65.26 per cent). Bremner held 530,000 shares (13.09 per cent) before the offer and has not acquired or agreed to any further shares. The offer remains open until further notice.

L & G takes 8% stake in Connells estate agency

BY ERIC SHORT

Legal & General Group, Britain's second largest life company, has taken an 8 per cent stake in Connells Estate Agents in a deal worth £1.5m.

The company has acquired 962,773 ordinary shares from various family shareholders in Connells.

However, L & G emphasised that this move was in the nature of a long-term trade investment. It did not represent a move towards the group becoming directly involved in the estate agency market or expanding into the provision of mortgage funds. Nor was it a move to boost sales.

This was confirmed by Mr John Simson, chairman of Connells. He pointed out that Connells was still very much a family business, although it is publicly quoted, with the majority of shares held by relatives of the founders of the business.

It had been arranged that when members of the family wanted to realise patr of their shareholdings, this would be done on a concerted basis and Connells would find a friendly, passive buyer for the vast majority of the shares.

L & G has a long standing relationship with Connells and was willing to take the stake.

Connells has a thriving insurance broking business in connection with its estate agency operations. However, Mr Simson and L & G said the independence of this business would not be affected.

Connells operates mainly in the norhern Home Counties of Bedfordshire, Hertfordshire and Buckinghamshire. It is following a policy of expansion and has recently acquired businesses in Sussex, Surrey and London, with plans for further developments.

Connell's shares rose 15p to 165p on the announcement, while L & G rose 4p to 702p.

LRC rubber group to change name

LRC International, the consumer and rubber products group which went through a major boardroom upheaval earlier this month, is planning to change its name to London International Group.

It was originally known as the London Rubber Company and changed its name to LRC in 1969.

It said yesterday it had been considering for some time adopting a new name which would "more closely reflect the size and international scope of the group today, while retaining important elements of the company's heritage."

LRC's products include Durex contraceptives, Royal Worcester Fine China and Wrights soap.

Three non-executive directors resigned earlier this month in a dispute over boardroom changes.

COMPREHENSIVE FINANCIAL Services reports lower pre-tax profits of £97,000 (£129,000) for the six months to June 30 1985. An interim dividend of 0.7p (nil) is being paid, and stated earnings per 5p share of this USM company fell from 3.03p to 2.18p. Income in the first half rose from £498,000 to £663,000. After tax down from £38,000 to £30,000 and minority credits this time of £4,000, attributable profits came out at £71,000 (£91,000).

Carlton may dispose of publishing interests

BY MARTIN DICKSON

Carlton Communications, the fast-growing television services company which was thwarted earlier this month in a bid for Thames Television, is discussing the possible sale to Barham Group of its publishing interests, including the Fleet Street Letter, a share tip-sheet.

It was the acquisition of Fleet Street Letter, through a reverse takeover in February 1983, which first gained Carlton an official listing.

However, the rapid extension of its video services and television production operations means publishing accounts for a very small part of its turnover.

Its other publications include The USM/OTC Review, the Penny Share Guide and the New Issue Share Guide.

Shares in Barham were suspended late last week pending a "major acquisition." Barham was created in 1983 out of the shell of Dollands Photographic and has been transformed into a property investment and media company.

It believes Carlton's publications side would fit in well with its advertising agency and its computerised typesetting subsidiary. Negotiations are likely to take at least two weeks.

Carbury deeper in red

Carbury Resources, oil and gas exploration company, fell deeper in the red with losses of I£44,500 in the half-year to June 30 1985. In the corresponding period last year, the losses were I£28,150.

First-half operating revenues were lower at £45,880 compared with £56,990, but the directors say revenues for the current period show an improvement over the second half last year, and a continuation of this trend is expected for the remainder of the year.

Carbury is to acquire interests in prospective oil and gas leases and a development drilling programme in the U.S. under a new agreement with KRM Petroleum.

Elders discloses bid vehicle structure

By Martin Dickson

ELDERS IXL, the Australian company which this week launched a £1.8bn takeover bid for Allied-Lyons, last night issued a formal statement giving the structure of IXL — an unlimited English company set up as a vehicle to make the bid.

The move follows complaints to the Takeover Panel by Allied, the food and drinks group, that Elders had failed to reveal the true ownership of IXL and that Allied therefore did not know who precisely was making the bid.

The statement confirms that the eight banks backing the bid through a two year sterling loan, led by Citibank of the U.S., have a 58 per cent stake in IXL.

Elders holds call options which enable it at nominal cost to take full ownership of IXL, but yesterday's statement makes clear that the call options given by the banks covering their 58 per cent can only be exercised "following repayment of their loans."

The remaining 42 per cent of IXL is held partly by Elders (49 per cent) and partly by two former directors of Elders companies, Mr Bob Cowper and Mr Richard Wiesener. Elders says the structure means in effect that it alone has the "ultimate economic interest" in the offer.

Last night's statement—which does not name the banks involved in the bid, or give a detailed breakdown of their interests, is not expected to satisfy Allied, which is demanding much fuller disclosure.

David Goodhart on the bid for SGB

BET hopes to buy scaffolding to strengthen reconstruction

BET's £108.4m all-paper offer for SGB came as a rude shock yesterday to C. H. Beazer and pulled the rug very firmly from under its cash tender offer for 25 per cent of the scaffolding company.

But BET watchers will not have been too surprised. The international services company, formerly known as British Electric Traction, has been one of the most active companies in the UK in the buying and selling of subsidiaries over the past three years, and in the process has nearly doubled its share capital.

It has also gone some way in transforming its old image of a rambling, directionless, giant. The important watershed was in early 1982 when Mr Hugh Dundas took over as chairman and Mr Nicholas Wills as managing director.

The new leadership took a long look at the company and decided on a reconstruction strategy aimed at ridding itself of minority shareholdings, slimming down areas of operation from 12 to five and concentrating firepower on market leader businesses.

Divestments have covered North Sea oil, TV rentals (Rediffusion), and open cast mining. As recently as Tuesday it announced it was selling a 75 per cent stake in the small film processing company Humphries Holdings.

Major acquisitions have included Hospital Publications of New York in May 1984 for £18m: Farm Press of Mississippi for £16m in July 1984; Anglian Windows for £27m in September 1984, UBM Scaffolding for £6m in October 1984: and the 58 per cent of Initial (Britain's largest laundry company) it did not already own was bought for £170m in March of this year.

According to BET the tally since March 1982 has been £390m in acquisitions and £256m in divestments (including the sale of its headquarters). Mr Neil Ryder, head of BET investor relations, claims that 75 per cent of the company's capital is now invested in market leading companies.

Mr Nicholas Wills, chief executive of BET

The aggressive rationalisation has left BET with five main divisions: Transport (turnover to March 1985, £525.4m, pre-tax profit £28.9m): electronics and leisure (£318m and £21.4m); construction (£232.5m and £19.4m): industrial services — excluding Initial — (£196.9m and £20.3m); and publishing (£150.1m and £12.9m). Overall turnover was £1.42bn and pre-tax profit £103.5m.

Fastest growth has come in two of the smaller divisions — publishing and construction, and it is obviously the latter which would be transformed if SGB was bagged.

At present the construction division is divided into two: BET Building services, which contributed £14.2m to the construction profit of £19.4m, and BET Plant Services, which contributed £5.2m.

Building services — Boulton and Paul (Europe's largest joinery company), Anglian Windows and a kitchen and bathroom fittings company — is the larger of the two and, according to BET, the merging of SGB into Plant Services would "balance out the two."

More important, however, the plant services division is one area where BET admits it does not have market leadership.

It is already seeking to bolster its crane hire operations — currently represented by Grayston White — through the £6.2m bid for G. W. Sparrow and Sons.

But the acquisition of SGB would clearly be of a different order in relation to the existing BET Access, scaffolding, lift hoists, self-assembly, company. The third company in plant services is Eddison, a folk lift truck operation.

The combination of Access and SGB would give BET at least 20 per cent of the UK market. It is a market worth over £500m a year but has become increasingly competitive with over 1,000 small independent operators now accounting for up to half — as SGB has discovered to its cost.

BET, which has been looking at SGB for nearly 18 months, naturally pours scorn on its management and claims it could quickly stem the fall in market share. Whether that is the case or not there is certainly commercial logic in the bid and the immediate benefits of synergy are estimated by Mr Mike Murphy of Quilter Goodison at around £5m.

There is, however, at least a likelihood of reference to the Monopolies and Mergers Commision — primarily because of market share in scaffolding. In other areas BET says it is prepared to sell SGB's ladder manufacturing business "as this, combined with BET plant services, is the only area where the merged businesses would have a commanding market share."

BET also says: "HSS tool hire will add a profitable new dimension to its existing hire activities while SGB's other UK non-scaffolding interests are profitable and a review would be made of its overseas activities."

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ambrose Inv. ......int.	3.36§	Dec. 5	3	—	8.82
Anglo-Indonesian int.	2.5§	—	2	—	7
Bankers Inv Tst 3rd int	0.5	Nov 30	0.4	—	2.28
Brosmgorve Ind ...int.	0.4	Feb 7	0.3*	—	1
Clive Discount .....int.	0.5	Nov. 25	1.4	—	2.5
Elam ....int.	1.15	Jan. 3	0.9	—	3
French Connection int.	1.75‡	—	1.75	—	5.25
Gerrard & National int.	3	Dec. 4	3	—	13.2
Henara ....int.	0.7	Nov. 29	0.7	—	2.8
Hunting Ass. ......int.	3.5	Dec. 13	3	—	7
F. J. C. Lilley ......int	1.26	Nov. 29	1.2	—	3.64
London & Nthn. ...int.	2.1†	Jan. 6	1.85	—	4.9
Marlborough Prop. int.	0.23†	Dec. 3	0.2	—	0.55
Plant & Gen. Inv. .. int	2.2†	Jan. 10	2	—	5
Prestwick Hldgs.	0.7	Dec 23	—	0.7	—
R.E.A. Holdings ...int.	1	May 1	1	—	2
Ruo Ests. ....int.	3	Dec 2	4	—	16
Scottish Mrt & Tst. int.	3.2	Dec. 3	3.2	—	7.5
Secs. Tst. Scotland int.	1.6	Dec. 2	1.3	—	4

Dividends shown pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ To reduce disparity.

IIT Jersey growth plan

A RIGHTS issue, interim results and details of a complex reconstruction of an associate were yesterday unveiled by the International Investment Trust Company of Jersey (IIT).

Over half of IIT's net tangible assets stem from its interest in R.E.A. Holdings and because of this the directors say it is desirable and in line with initial objectives to expand the asset base through the rights issue, which will raise £1.67m net.

The rights is on the basis of 12 cumulative 13 per cent redeemable preference shares (and one warrant) at £12 for every 10 ordinary.

IIT's profits for the first half of 1985 fell from £770,000 to £261,000 and, after tax, there was a net loss of £26,000 against a £214,000 profit.

Most of the downturn stemmed from plantations, where profits fell from £997,000 to £499,000, and from associates which turned in a higher loss of £155,000 (£91,000).

The reorganisation involves Para, in which IIT has a 43 per cent stake. The plan is to dissolve Para with its assets, undertakings and liabilities transferred to a new company ORPL.

ORPL will then be expanded via a placing of shares with IIT and other investors to raise £1.5m. Of the expansion proceeds C$1.5m (£769,000) will be invested in Canarchon (formerly Pominex).

IIT will eventually own 46 per cent of ORPL and it is proposed that the group and ORPL should each subscribe C$1.5m for new common shares of Canarchon, which will pay cash for certain listed securities held by IIT with a current market value of £614,000.

REA Holdings sharply lower

REA Holdings, the rubber trading, freight and handling group, suffered a sharp downturn in the first half of 1985 with current cost pre-tax profits emerging at £142,000 compared with £753,000.

The group, which is a 61 per cent owned subsidiary of the International Investment Trust Company of Jersey (IIT), was bit on the plantations side, where profits dropped from £997,000 to £499,000, and from higher associate losses of £163,000 (£91,000).

The interim dividend, however, is being maintained at 1p and both the company's directors and IIT are optimistic for the future.

On the plantations side, there was a considerable reduction in contributions during the first half from Bangladesh tea operations, and the usual higher incidence of profits in the second half will probably be less pronounced due to lower current tea prices.

Continental Asset oversubscribed

Applications for Ivory and Sime's 12m share float of Continental Asset Trust closed yesterday with a one-fifth oversubscription. Investors applied for 14.62m shares (with warrants) at the 100p offering price.

The trust's shares have been allocated as follows (just over 5m went to preferential applicants). Those seeking between 1,000 and 2,000 shares will receive the full amount, up to 2,600 shares receive 2,000, up to 10,000, three-quarters of what they had applied for and over that 68 per cent.

Dealings will commence on October 29 and until December 4 will be in units of five ordinary shares plus one warrant. Thereafter, the shares and warants will be traded separately.

The major founding subscribers to the issue were European Assets Trust (25 per cent), A.G. de 1824 Compagnie Belge d'Assurance Generale Vie (8.3 per cent) and Bank of Scotland 1976 Pension Scheme (8.3 per cent).

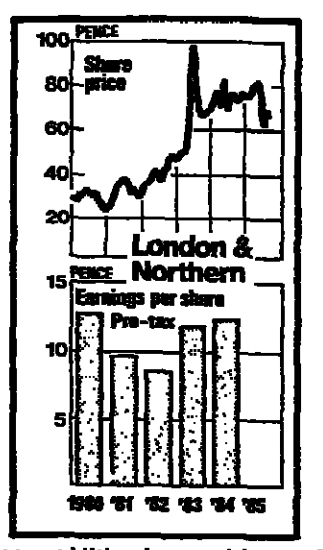
London & Northern hit by interest

HIGHER INTEREST charges have limited the profit growth at the London & Northern Group of construction, healthcare and energy-related companies. For the first half of 1985 the profit has risen by £469,000 to £7.94m.

Turnover expanded from £108.77m to £147.78m while the profit before interest moved ahead from £8.49m to £10.91m. Interest charges, however, were nearly trebled to £2.97m.

The directors are expecting profit for the second half to show an increase over that reported, before taking account of any provisions relating to proceedings against the company in respect of a Middle Eastern project. These could amount to £15.75m before tax relief.

They are meeting their promise of an interim dividend raised from 1.85p to 2.1p net. Total for 1984 was 4.9p when profits before tax reached £11.35m.



In respect of the Middle Eastern project, the directors recall that judgment has been given against a group company for the full amount of some £5.25m claimed in respect of the period to January 1985—this is being appealed against. Further amounts may become payable if the judgment is upheld on appeal and this could lead to an additional provision of £10.5m.

Proceedings relate to fees allegedly due to a third party in respect of a project in which a group company has a minority interest. The original provisions and expected provisions totalling £2.1m were based on Leading Counsel's advice that fees, if payable, would only be payable in respect of sums actually received or expected to be received by the group company from the consortium carrying out the project.

In the event judgement was given in August on the basis that fees are payable by the group company in respect of the total value of the project. The £5.25m has been paid into escrow pending appeal.

Leading Counsel has confirmed his earlier opinion in accordance with which, if the appeal is successful, the case would go to arbitration and upon which the provisions totalling £2.1m were based. Further advice has subsequently been obtained from separate Leading Counsel who is of the opinion that the appeal should result in the matter being referred to arbitration.

Every effort is being, and will be, made to mitigate the possible effects of the proceedings including the establishment of third party proceedings if relevant.

In the half-year there were increased sales in the healthcare division and improved activity in engineering and metal interests. Healthcare again made a substantial contribution to results.

● comment

If it were not for the dark cloud of legal proceedings hanging over London & Northern, this year's prospects would look reasonably bright. In construction, the group is winding down its unprofitable overseas activities and concentrating on the successful UK operations. Building products will see a first-time contribution from the West Thurrock block and brick plant and the second half will see a full six months from Rockwell, which is clearly performing ahead of expectations. The energy, engineering and metal interests look set for another good year. Health care is performing well, though there is room for concern here: some £2m of first-half profits came from UK hospital sales and UME's loss of a Saudi Arabian hospital management contract will leave a hole to be filled in next year's figures. Interest charges are up, but should retreat somewhat in the second half. However, all this looks almost incidental to the market, which is understandably concerned that this year's likely pre-tax profit of £20.5m would pall somewhat against special provisions of up to £15.75m. The shares shed ½p to 66p yesterday, putting them on a prospective p/e ratio of just over 5—a level at which they are likely to hover at least until the appeal is heard early in the new year. The 11.2 per cent yield is nevertheless a temptation.

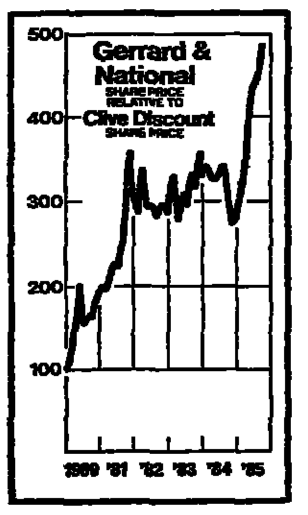
Gerrard & National margins squeezed

By John Shepherd

Gerrard & National, the UK's largest discount house, has suffered from pressure on margins and has managed only a slight increase in profits for the six months to October 5, 1985.

"It had been a long, hard slog with a running loss on the book the whole time," Lord Eglinton, the deputy chairman, said, and added that opportunities for capital profit were smaller.

The running loss had "eaten away capital profits," he said, and felt that the markets "were reaching for a bit more than justified."



Gerrard's results, which coincided with publication of Clive Discount's figures, were accompanied by an unchanged interim dividend of 3p. Discount houses do not have to reveal any figures at this stage.

In the 1984-85 year Gerrard's profits emerged nearly 50 per cent lower at £5.15m (after tax, minorities and a transfer to inner reserves) and while Lord Eglington could not commit himself to a forecast for 1985-86, he said that there had been "no great improvement in market conditions during the early part of the second half."

At last night's close Gerrard's shares were unchanged at 318p.

Etam growth continues with £1.3m profit lift

INTERIM FIGURES from the Etam group, which retails womenswear and girlswear, show a substantial increase in profits. And the most significant period of trading has yet to come.

For the 32 weeks ended September 7 1985, the group has advanced its turnover by £7.25m to £36.75m, its trading balance by nearly £1m to £4m, and its profit before tax by £1.28m to £4.38m. The interim dividend is lifted from 0.9p to 1.15p net.

At September 7 the group was trading from 115 outlets, and since then has incurred or contracted for capital expenditure of around 8.8m, compared with £4.2m in the like period last year.

This includes expenditure on acquiring freehold interests in new and existing shops and in the extension of warehousing facilities.

The directors point out that traditionally the group earns the major part of its profit in the latter part of the financial year; in 1984-85 some £5.5m was earned in that period. They tell shareholders they remain confident that the group will continue to grow steadily.

Profit for the period includes income from leased assets £16,000 (£24,000), interest received £686,000 (£380,000), and net surplus on disposal and closure of properties £342,000 (£50,000). But the charge for depreciation was up from £1.03m to £1.47m.

After tax £1.83m (£1.45m) the net profit came out at £2.55m (£1.65m) for earnings of 4.88p (3.16p) per share. Last year there was an extraordinary debit of £252,000 which was the expenses involved in obtaining a listing for the company's shares.

● comment

There is a way to go and a dull September got the second half off to a poor start but no matter how much Etam's management cautions the market about being over-optimistic, the analysts will be inclined to lift their forecasts to £11m pre-tax for the year, an increase of 28 per cent. The optimism is understandable. There is a steady progression of new openings, four in the first half and probably the same again in the second, sales volume at existing shops is rising and a very firm grip on costs is pushing margins higher. The Etam story has not changed much over the last six months but sooner or later it will branch out beyond the concentration on ladies fashion in the 20 to 25 year old age group. A chain aimed at an older, or perhaps younger, market would be an obvious extension though Etam might just as easily move into menswear or fish 'n chip shops. Deep down the top men see themselves as professional managers quite capable of running a retail conglomerate. Such a vision is presumably of the distant future — there has been no obvious sign that they are willing to use paper for acquisitions yet, even with a prospective p/e of 18 at 222p. And that rating looks an open invitation for some profit taking.

Lord Matthews unlikely to stay with Fleet

By David Goodhart

Lord Matthews yesterday presided over his last AGM as chairman of Fleet Holdings, the Express Newspapers group, and said it was "most unlikely" he would stay with the group following the successful bid by United Newspapers.

He told the meeting of about 200 shareholders that the outcome had not been what he wanted—"unfortunately it was decided by six or 10 institutions and there is nothing we can do about it."

He also disclosed that he had personally bought 200,000 Fleet shares on the final day in a bid to stop United. Assuming he takes cash for his shares, he stands to receive about £8m.

Lord Matthews said he had no plans to retire yet, but had no strong views about whether he would stay in newspapers.

Asked if he believed United could achieve its aim of a 20 per cent reduction in the Fleet workforce, Lord Matthews said: "I would not have thought so—I could not."

Underwoods valued at £31m

THE FULL prospectus is published this morning for an offer for sale of shares in Underwoods, the chemists. Morgan Grenfell is offering 6.8m shares, 25 per cent of the company, at a minimum tender price of 115p, which values the company at £31.3m.

Existing shareholders are selling 4.2m shares, and the remainder is being sold by the company to raise £2.2m at the minimum price after expenses.

The first Underwoods store opened in 1958 in Old Broad Street, EC2, and an expansion programme started a year later under the leadership of Mr Brian Kerner, the present managing director. Ten years later there were eight stores, selling audio equipment, jewellery, stationery, photographic goods as well as traditional chemist's ranges.

Since then the company has expanded rapidly, interrupted by a period of consolidation in 1982 when new layers of management were added. Currently 35 Underwoods stores are open, with a total selling space of 102,000 square feet, and the group expects six further stores to be open by January 1986.

Apart from three in the London suburbs, all of the stores are in Central London, although two of the planned openings for the current year will take Underwoods outside London for the first time.

The Underwoods board is composed of two tiers, with a holding company board above the operating board. The former contains as non-executive directors Mr Elliott Bernerd, a director of Stockley, Mr George Davies, chief executive of J. Hepworth & Son, and Mr Roger Seelig, a director of Morgan Grenfell.

Group profits have expanded from £306,000 in 1981 to £1.6m in the year to January 1985, while sales have grown from £14m to £30m. In the current year the company is forecasting profits of £2.3m, which would put the shares on a prospective price-earnings multiple at the minimum tender price of 20.5, after an estimated tax charge of 38 per cent. The yield is 2 per cent.

The application list opens on 29th October and dealings are expected to start on November 5.

● comment

Such is the demand in the City for retailers in general, and for young, expanding, specialist retailers in particular, that the striking price for Underwoods is bound to be set at a fat margin over the minimum tender. Indeed, with only a small number of shares for sales, the outcome will be determined more by supply and demand than by the fundamentals of the issue, which although auspicious, are perhaps not deserving of some of the more ambitious ratings being discussed in the City. The company is tightly run and has a successful formula that captures both the convenience shopper and the impulse buyer. However, it is only in London that this formula has been tested, and even here stores in some key areas — like Queensway, which is awash with tourists — seem to be significantly more successful than others. While Underwoods' ability to become a national chain remains unproven, there is still plenty of scope for further expansion within London, and as its buying power improves, margins should widen. The superstars on the holding board may have little to offer in the short term, but the veiled hints of diversification and acquisition just might make the distant future very exciting indeed.

WSL shares suspended as talks proceed

By Frank Kane

Share dealings in WSL Holdings, formerly Wolverhampton Steam Laundry, were suspended at 85p yesterday on the announcement of a proposed "substantial acquisition," which could amount to around £6m.

WSL is having talks with Schools Abroad, a Sussex-based group of private companies mainly engaged in the business of specialist school travel. Details of the deal will be announced when they are agreed, but it is understood that because of Schools Abroad's coparative size, the outcome will be a "reverse takeover" of WSL.

Lloyd's Merchant Bank, advisers to WSL, yesterday described Schools Abroad as a very large private company, and leaders in the "niche market" of providing overseas tours for school children.

The deal will complement WSL's £1.4m purchase of another school travel operator, H &C Travelway, last June,

Petroleum interests lift Hunting Assoc to £2.9m

Hunting Associated Industries, defence equipment, aviation support and geological survey group, has been helped to higher interim profits by much improved results from its related company, Hunting Petroleum Services.

Pre-tax profits for the six months to June 30 1985 increased to £2.93m against £2.29m. An interim dividend of 3.5p (3p) is being paid.

Directors say they believe shareholders should have the opportunity to receive fully paid ordinary shares in lieu of a dividend and details of this will be contained in a circular to be posted as soon as possible.

The board says the results show a worthwhile improvement. An improved performance from the UK defence and aviation activities is reflected both in increased turnover and, in some areas, improved margins.

Other UK activities in the resource survey and non-defence engineering areas, together with the group's overseas operations, continue to be faced with difficult trading conditions and have made little contribution to results during the period.

The board expects the second half of the year will similarly reflect an improvement over 1984.

Turnover for the six months was £107.57m (£91.02m), with interest payable of £2.65m (£2.04m). Profits from related companies increased to £726,000 (£319,000), while tax rose to £1.1m (£975,000) and minority interests to £262,000 (£60,000).

Earnings per share (basic) were 12.74p (10.18p) and, fully diluted, 8.66p (7.1p).

Clive Discount breakeven at midway

Clive Discount Holdings, which incurred a loss in the 1984/85 year, yesterday reported a breakeven result for the six months to end-September 1985.

Mr John Warr, the deputy chairman, said the result was achieved in a climate of "no margins to make money on. There was a running loss on the books throughout and we were not making enough money out of conventional paper."

The interim dividend is being cut by nearly two-thirds to 0.5p because there "is no point in paying out our base. It is a fair dividend in terms of the results, and shareholders will have to be a little bit patient," he said.

Market reaction to the figures saw a 4p drop to 38p in the share price, which is not far above this year's low point of 36p.

Mr Warr said that the market's expectations of a drop in interest rates had been "rather squelched by the Chancellor. We believe that interest rates have got to come down, but we slightly misread the timescale of the interest rate drop."

However, he said that Clive was in a much better shape and the link-up with Prudential-Bache Securities of the U.S. had provided financial muscle and a "whole new world to look at."

Camco third quarter earnings improve

Camco, part of Pearson's oil and oil services sector, reports slightly lower pre-tax income of $4.73m (£3.31m) fo rthe three months to September 30 1985, against $4.82m.

However, earnings per share rose to 41 cents (38 cents) for the third quarter and $1.33 ($1.30) for the nine month period.

Net sales of the company, which manufactures and supplies gas lift equipment, safety systems, completion equipment and related services for the energy industries, were up $43.39m against $42.44m.

A dividend of 11 cents (10 cents) is proposed, making 31 cents (26 cents) to date.

For the nine months to September 30, pre-tax income $16.45m ($12.58m) on net sales of $128.47m ($122.05m).

Reduced general expenses and a lower rate for the third quarter produced slightly better results compared with a year ago.

The company says that competitive pricing continues to exert pressure on profits.

Monopolies report on brewery bid

The Department of Trade and Industry yesterday received a report by the Monopolies and Mergers Commission on the proposed £100m take-over bid for Matthew Brown by Scottish and Newcastle Breweries.

The Department said that a decision on the hotly-contested bid would be made by Mr Leon Brittan, the Trade Secretary, within the next three to six weeks.

Matthew Brown has made a fierce fight against the bid by S and N Britain's fourth largest brewer which last year terminated a bid for J. W. Cameron, a leading Northern brewer, after it was referred to the Commission.

Henara at £0.6m halfway

Henara, hair and skin care product manufacturer and distributor, has lifted pre-tax profits from £519,000 to £609,000 in the first half of 1985, on turnover slightly ahead at £2.62m against £2.55m.

Currently, sales for July, August and September are running at about the same level as last year, Mr G. H. J. Robinson, the chairman, says, and adds that export operations are beginning to show some real potential.

Henara has signed a ten-year contract with Beecham Group, which will act as its distributor in the Benelux countries. The directors are confident that the association will strengthen the group's operation in future years.

For the half year, the interim dividend is held at 0.7p, to be paid from stated net earnings per 10p share of 3.44p (2.9p).

As well as continuing work on product introductions, the chairman says the directors are devoting efforts to broadening the product range, which, it is hoped, will result in an improved operating performance in the future.

This time the group's gross profit was lower at £1.58m (£1.64m), but reduced expenses of £1.06m (£1.23m) accounts for the 17 per cent pre-tax improvement.

Yearlings total £9.3m

Yearling bonds totalling £9.3m at 11¼ per cent, redeemable on October 29 1986, have been issued by the following local authorities. Derby City Council £1m; Alnwick District Council £0.25m; East Hampshire DC £0.5m; St Helens Metropolitan Borough Council £0.5m; Wokingham DC £0.75m; Malvern Hills DC £0.25m; South Buckinghamshire DC £0.25m; Wansbeck DC £0.3m; Bassetlaw DC £0.5m; Dudley MBC £1m; Portsmouth (City of) £2m; Sheffield (City of) £2m.

Lilley improves despite high interest charges

DESPITE A substantial increase in interest charges, the civil engineering and building contracting group F. J. C. Lilley has shownn an improvement in pre-tax profit from £4.46m to £4.68m in the half year ended July 31, 1985.

Benefits from policy and organisational changes have yet to be fully realised. But the directors believe that the right course has been set, the outlook is good and the group's circumstances will continue to improve.

The directors said in May that steps were being taken to eliminate unprofitable activities in America, to redefine policy in relation to property involvement, to dispose of assets failing to produce an adequate return, and to widen the group's expertise and competitiveness.

Construction activities at home and abroad are on target and are expected to achieve profits in terms of budget for the year, they state.

Almost half of turnover comes from outside the UK and the directors see little indication of improvement in the present low levels of work potential and profit margins at home. However, substantial orders in the UK, U.S. and Canada have been received recently and the geographical spread is healthy.

Interest charges in the half year rose from £527,000 to £1.95m, although they were offset somewhat by a rise in interest and investment income to £892,000 (£299,000). Interest charges reflect the short term increase in borrowing to finance the initial investment and start-up costs of various overseas operations and to service funds already committed to property development.

Turnover expanded from £136.43m to £160.47m and the operating profit from £4.69m to £5.94m. After tax £1.75m (£1.71m) and minorities £43,000 (credit £81,000), the net attributable profits comes to £2.89m (£2.83m) for earnings of 3.6p (3.55p) per share. The interim dividend is lifted to 1.26p net (1.2p).

Management measures introduced have resulted in new lettings and disposals of certain properties, although progress is still slow in a difficult market.

While borrowings are within bank facilities, the directors have initiated actions which they feel confident will achieve a reduction and lessen the impact on results in future.

The directors report that the Cairo wastewater project in Egypt is proceeding to management expectations. In Nigeria satisfactory progress has been maintained since July towards completion of the Plateau state water project early next year.

In America, under the reorganised management, current contracts are progressing favourably and the setback of last year has been arrested. Negotiations on the Alaska contract settlement continue within the projected timescale and confidence in the final outcome remains unchanged. Tunnelling on the Sandbar hydro scheme in California has progressed at record speed.

● comment

The switch from being a net interest earner to a payer and the increase in working capital in the first half have held F. J. C. Lilley to only a small pre-tax rise. The net debt position at the year-end depends in part on selling at least the Croydon office development (and preferably the one recently completed in Kingston as well). Otherwise the balance sheet could be showing borrowings rising up over the net £10m at the year-end due to the start-up costs of some overseas operations.p The good news is that the U.S. will make a small poitive contribution for the year (hence the minorities payment). Nigeria remains a problem with permits to import the equipment necessary to finish the water project coming through only in June and doubts over when commissioning will take place still persisting on a scheme already 18 months behind programme. In the full year the analysts are looking for £10m which has the shares at 72p up 6p on a prospective multiple of just over 9 on a 37.5 per cent tax charge.

Marlboro' Property profit shows slight fall

Marlborough Property Holdings, property investment and development group, reports marginally lower pre-tax profits of £311,000 in the six months to June 30, 1985, against £314,000, although turnover is higher at £3.71m against £2.9m.

The board is recommending an interim dividend of 0.225p (0.2p) and envisages maintaining the final dividend at a level at least equivalent to last year's final of 0.35p.

Rental income for the full year is expected to exceed £1.25m (£772,000 to December 31, 1984), including income from the recent purchase of the Solent Industrial Estate and other developments as they are completed. The gross annual rent roll exceeds £1.5m.

The group has entered into an agreement for the sale of the second phase of its Walton-on-Thames office development when it is completed in 1986. Some of the profits from this sale will accrue during the current year.

Profits for the first half comprise net rental income of £458,000 (£379,000), gross profit on sales of trading properties £833,000 (£611,000) and trading profit on sales of non-property subsidiary £14,000 (nil), less administration expenses of £188,000 (£159,000) and interest payable of £806,000 (£517,000). The higher interest reflects increased acquisitions of development sites.

Earnings per 5p share were stated at 1.33p (1.29p).

Terry Garrett looks at Cheshire Wholefoods

USM set to swallow a healthy breakfast

IN THREE WEEKS Cheshire Wholefoods will join the Unlisted Securities Market following a placing of about 30 per cent of its equity by brokers Earnshaw Haes.

The company's debut marks the USM's first specialist health food company. Started a decade ago, Cheshire now turns out 550 tons of muesli monthly under its own lebal and for a wide range of retailers' own-brand cereals. It has around 30 per cent of the UK market for natural muesli—a figure which ignores popular ranges that include sugar and other additives.

Modest

Production in the first few years was modest but a strike at Kelloggs in 1979 gave Cheshire an opportunity to break into the national market. Fine Fare turned to the company with an order for 3,500 cases. Up till then Cheshire had been producing around 100 cases a week.

Customers now include Asda, Bejam, Boots, BHS, Co-op, International, Safeway, Sainsbury, Tesco and Waitrose. By varying the quantities of some 30 different ingredients each customer's branded muesli has its own recipe. About two-thirds of Cheshire's output is marketed under retailers' own labels and just under 80 per cent of total sales are made through P. A. Ross (Food Brokers). Mr Ross is a director of Cheshire and holds an equity stake.

Research shows that the market for cold ready to eat breakfast cereals grew seven-fold from 1970 to 1983 to £370m. Within that the combined market for bran and muesli products was £76m.

The company's growth on the back of the trend towards healthier eating has been rapid. In the year to March 1983 sales of £1.9m were producing profits of just £33,000 before tax. Last year profits amounted to £316.000 from sales of £4.6m and when the prospectus is published the company will forecast a rise to around £500,000 for this year.

The directors expect the UK market for their products to continue expanding at a faster rate than the breakfast cereals sector generally but they also anticipate augmenting that growth with exports. Cheshire's muesli has been approved by the U.S. authorities and the directors are looking for a U.S. distributor to handle sales in much the same way as Peter Ross acts for Cheshire in the UK. Using broking houses, rather than selling direct to the retailer, is common for smaller food manufacturers.

They are also looking for new health type products to sell alongside the existing range and growth by acquisition is a possibility. The directors say they are looking at one or two potential targets. Though, more significantly, a new product—still very much under wraps—is being planned for next year. This will again be a natural breakfast cereal but with a taste acceptable to a wider audience.

Placing

Part of the money raised in the placing will be used to finance new equipment for that product, which will require a new production technique. In total the placing will raise £1.6m, two-thirds of which will be for the founders.

The rating will be more ambitious than that normally granted to the food manufacturing sector. Earnshaw will be looking to place the shares on a prospective price-earnings multiple in the mid-teens with a yield of about 4 per cent.

Securities Trust of Scotland advances

Securities Trust of Scotland had a net asset value of 156.8p per 25p share at the end of the six months to September 30, 1985, compared with 138.3p a year previous.

Earnings per share improved from 2.12p to 3.03p. The interim dividend is being raised from 1.3p to 1.6p and the board intends to recommend a total payout for 1985-86 of 4.8p, a 20 per cent improvement over the previous year's 4p.

Taxable profits for the six months rose by just over £1m to £3.68m after interest charges up slightly at £1.27m, against £1.24m. Tax was £1.21m (£889,000) leaving a net result of £2.48m (£1.74m).

The earnings increase was partly due to high rates of interest received on temporary cash deposits in the UK and the irregular incidence of dividend receipts.

While these factors will not help second half earnings to such an extent, the directors say that, based on the present portfolio, estimated net revenue for the year will be considerably higher.

At the end of the interim period the trust had 126 holdings. The yield on the portfolio was 5.1 per cent and there was around £4m of cash on deposit.

Scottish Mortgage income falls

Scottish Mortgage & Trust's net asset value per share fell to 461.8p at September 30 1985, as against 487.2p at March 31 1985.

Net investment income after tax of £1.66m (£1.46m) was down at £5.36m (£7.49m) for the six months and an interim dividend of 3.2p (same) is proposed. Earnings per share rose to 4.7p (3.82p).

The company says equity markets worldwide continue to be reasonably valued and the company remains fully invested, although it does not expect substantial upward price movements in the near future.

The fall in gross investment income results from the sale of the bond portfolios, which was accompanied by repayment of the corresponding loans. The rise in net earnings is due mainly to the incidence of receipts and earnings will be lower in the second half.

The year's total is expected to be similar to that of 1984-85 and it should be possible at least to maintain the final dividend of 4.3p.

Precious Metals net assets rise

Precious Metals Trust had a net asset value of 133.4p per share at end-July 1985, against 109.8p a year earlier, a 21 per cent increase compared with a fall of 11 per cent in the price of gold.

Mr Zvi Schloss, the chairman, says that the trust, which does not invest in South Africa, has increased its investment in gold mining shares from 45 per cent to 61 per cent of net assets over the year. In the remainder of the portfolio the emphasis on gold-related investments has also increased.

The single final dividend is being held at 0.55p, while earnings per share fell from 1.36p to 0.57p, reflecting a loss in the dealing subsidiary of £110,000 against a profit of £46,000.

A large part of the loss is due to the fall in the value of precious metals held in that company, and the greater emphasis on goldmining shares, which have low yields, has also reduced income, the chairman says.

After a tax charge of £34,000 (£106,000), net revenue amounted to a lower £68,000 (£163,000).

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6¾% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on December 1, 1985 at the principal amount thereof *$750,000 principal amount of said Debentures, as follows:*

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

01 31 32 41 70

Also Debentures of U.S. $1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

1	3778	4678	6578	7878	9678	10878	12078	13678	18378	19478	20878	22278	28078	28578
378	3878	4778	6678	7978	9778	11078	12378	14078	18578	19778	20978	23678	28178	29978
778	3978	4878	6778	8478	9978	11178	12578	14378	18678	19878	21278	27078	28378	
978	4178	5378	6978	8678	10078	11278	12678	14478	18778	20078	21578	27378	28578	
1078	4378	5578	7478	9378	10378	11778	12878	14978	18878	20178	21678	27478	29178	
3478	4478	6278	7378	9578	10778	11978	12978	16178	19378	20678	21978	27978	29278	

On December 1, 1985, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of **Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015,** or (b) subject to any laws and *regulations applicable thereto with respect to the payment*, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when *presenting your securities for payment.*

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due December 1, 1985 should be detached and collected in the usual manner.

From and after December 1, 1985 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, *Fiscal Agent*

October 24, 1985

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

M27891 M27892

UK COMPANY NEWS

French Connection down to £2.9m at six months

French Connection Group, USM-quoted clothing retailer, reports pre-tax profits down from £3.84m to £2.87m in the six months to July 31 1985, on increased turnover of £19.93m against £17.15m.

Directors say business in the UK and France has continued to show good progress, although business in the U.S. remains quiet. They are proposing an unchanged interim dividend of 1.75p.

UK turnover increased to £9.47m (£6.82m) and turnover in France to £2.14m (£1.7m). The company's business in the U.S. performed well, preserving satisfactory net margins on sales, in spite of extremely difficult trading conditions.

It is envisaged that the U.S. part of the business will continue to hold its own by consolidating its trading base in preparation for an upturn in the market.

Advance orders for the spring and summer 1986 collections are described as very encouraging. *The UK retail division has performed* better than last year and the First men's shop in Covent Garden, London, has been a considerable success.

BUKTA, which the company agreed to purchase from the Receiver in June, is said to be showing remarkable potential and made a small contribution to pre-tax profit in its first month of trading.

Although trading in the U.S. remains difficult, the chairman is pleased with the overall development of the group.

Tax was down at £1.25m (£1.85m) and minorities fell to £228,000 (£608,000).

The group's total unaudited turnover and pre-tax profit, excluding Best of All Clothing in the U.S., rose to £14.08m (£8.55m) and £1.92m (£1.37m) respectively. This improvement made a significant contribution to maintaining earnings per share at 8.7p.

● comment

French Connection can at least *claim to be in good company* in falling victim to the difficult U.S. trading conditions: Sears' experience with Butler Shoe, reported on earlier this month, went to show that no company with strong U.S. retailing interests is immune to the poor state of consumer demand. There are other consolations for French Connection, too: the U.S. activities are, after all, only 50 per cent owned so minority interests will be well down this year, and *the decline in the proportion of* profits coming from the U.S. means that the tax rate is likely to fall to about 40 per cent. Consequently earnings per share should rise from 19.1p to about 21.5p in spite of a fall in pre-tax profits from £7.5m to about £6.5m. *The UK and European* operations are moving ahead strongly and one day the U.S. activities should turn around, too. In the meantime the shares, unchanged yesterday at 245p, look fairly valued on a prospective p/e ratio of 11½.

Broader spread for Prestwick

GOOD PROGRESS has been made by **Prestwick Holdings** in replacing its very high volume business for the home computer industry with a much broader spread of customers. And significant cost reduction programmes being implemented will reduce further the unit cost base for the production of all printed circuit boards, the directors state.

The depressed level of order intake experienced by the PCB industry as a whole throughout the summer will have a severe affect on the current half year ending January 31, 1986, the directors add. But they are expecting the pattern of previous years to be repeated with an improvement in the second half.

The group is one of the largest makers of printed circuit boards in Europe and its shares were offered for sale last April at £1 each. Yesterday, the shares stood in the market at 57p, down 1p on the day.

Reporting for the year ended July 31, 1985, the directors say *that turnover rose from £14.3m* to £18.85m and the profit before tax was up to the *forecast* at £1.83m, compared with £1.12m in 1983-84.

After tax £529,000 (£262,000) the net profit comes to £1.3m (£859,000) for earnings of 8p *(5.7p). The dividend for the* period is 0.7p net.

A year ago the group embarked on a substantial expan*sion and technical change* programme. The new plant at Irvine, incorporating a range of technical innovations, is now in place and the new products are being taken by customers.

However, the directors stress that the extra capacity will only be fully used when the demand for its exists in the market.

The progress made in obtaining a broader spread of customers is shown by the fact that in only nine months the number of customers has almost trebled.

The sales force is having con*siderable success, especially in* Europe, in developing new business.

Invent Energy moves ahead

Invent Energy Holdings, USM-quoted oil and gas exploration development and production company, increased pre-tax profits, after foreign exchange gains, from slightly over £1m to under *£5m in the three months to end-*August 1985.

Mr D. H. Beavers, the chairman told shareholders at the annual meeting that turnover had improved from £1.7m to £8m, and net profits had increased from £1m to about £4m. Net earnings per share were 24.6p (6.5p).

The chairman said that the increase was due to rapidly rising oil production in France, and reviewing future prospects, he said Triton France estimated a gross level of 20,000 barrels of oil per day would be attainable during 1986.

Resolutions to subdivide ordinary shares and to change the name of the company to Triton Europe were approved.

Anglo-Indonesian lower

THE SHARP fall in tea prices has resulted in the **Anglo-Indonesian Corporation** reporting lower pre-tax profits for the six months to June 30, 1985. Profits have fallen from £1.95m to £1.44m, on turnover up from £15.18m to £19.15m.

The directors say the effect of the fall in profits masks a steady performance by most of the established UK engineering businesses, as well as the new contribution from businesses acquired at the end of 1984.

The prospects for the full year will largely depend on the level of commodity prices for the second half, and exchange rates ruling at December 31, say the directors.

The interim dividend is increased from 2p to 2.5p net in order to reduce disparity. Stated earnings per share were down from 20.1p to 13.3p undiluted, and from 16.5p to 11.1p fully diluted.

Plantation & Gen at £1.08m

PRE-TAX profits of **Plantation & General Investments,** holding company with plantation, engineering and investment interests, fell slightly in the six months to June 30 1985 from £1.15m to £1.08m, on turnover of £6.7m against £4.84m.

An interim dividend of 2.2p (2p) is proposed.

The company says the results reflect a substantially increased contribution from Telfos, an engineering subsidiary. Price weakness and adverse exchange rate movements affected the contribution to results of an improved tea crop in Malawi.

Earnings per share were stated at 19.8p (18.4p) basic, and 16.2p (16.8p) fully diluted.

COMPANY NEWS IN BRIEF

AMBROSE INVESTMENT Trust had a net asset value of 365.41p per capital share at end-September 1985 against 354.8p six months earlier, and a value of 33p (31.2p) per income share. Net revenue amounted to £367,886 (£330,984) for stated earnings of 5.16p (4.64p). The interim dividend is increased to 3.36p (3p) to reduce disparity.

BROMSGROVE INDUSTRIES *improved pre-tax profits from* £84,000 to £182,800 in the six months to September 30 1985 on increased turnover of £3.36m against £2.2m. An interim dividend of 0.4p (0.3p adjusted) is being paid. Earnings per share were stated at 2.28p (3.31p).

FIRST CHARLOTTE ASSETS Trust had a net asset value of 11p per 5p share at September 30 1985, against 11.7p a year earlier, and 13.32p at end-March 1985. Net revenue for the six months was down at £25,000 (£41,000), but should not be taken as a guide to full-year results, the directors say. Stated earnings are 0.03p (0.05p).

CROWN INTERNATIONAL Productions has received acceptances in respect of 6.82m (68.16 per cent) Capital Television Facilities shares. Crown owns or has received acceptances in respect of 9.42m Capital shares (94.15 per cent) and the offer has been declared unconditional.

TRAFFORD PARK ESTATES, industrial and commercial property developer, has acquired Firsteel Group's minority holding (49 per cent) in Calder Vale Estates, in exchange for 375,000 new ordinary shares. Net assets of Calder Vale were £2.26m at June 30 1985.

THE BEAUFORD GROUP, maker of machine tools and plant, reported pre-tax profits *for the first six months of 1985* up from £248,000 to £336,000 on turnover of £4.26m (£3.83m). From earnings per 10p share of 6p (4.3p), the interim has been increased to 1.75p (1.5p).

HAWLEY GROUP has received acceptances in respect of 1.31m shares in **Insight Group,** representing 17.46 per cent of the issued share capital in response to its offer for the 25 per cent of the group which it did not already own. Acceptances have also been received for 1.89m convertible preference shares (82.91 per cent). Hawley previously owned 0.46 per cent of the shares. Both offers have been extended to November 8.

ENGLISH NATIONAL Investment Company is raising its interim dividen on preferred to 3.3p net (3.1p) and on deferred to 0.85p (0.65p). For half year ended September 30 1985 total income £189,736 (£170,709), subject to interest payable £13,076 (same) and administration expenses £26,037 (£23,960). After tax £45,052 (£40,103) net profit £105,469 (£93,575).

***BRITISH & AMERICAN Film* Holdings,** an investment holding company, achieved lower taxable profit of £249,804, against £260,085, for the first half of 1985. Investments at valuation at the period end totalled £9.08m (£6.74m a year previous). The interim dividend is up from 1.51p to 1.7p.

SOUTHERN BUSINESS Leasing, the Croydon-based office equipment supplier, has acquired 50 per cent of **Pioneer Copying Machines** for £423,000 cash. Pioneer supplies photocopiers in the South East of England.

ALLIED-LYONS has announced that acceptances have been received in respect of 100 per cent of the ordinary shares of Aberdeen Hotel Company and 77.8 per cent of preference shares. Both offers have been declared unconditional.

CAMBIUM VENTURE CAPITAL investment company, says its net asset value per 5p share fell from 19.8p to 18.7p in the six months to June 30 1985. During the period there was a pre-tax loss of £29,926, compared with profits of £407. Interest receivable was down from £25,512 to £15,686, and administration expenses rose from £25,105 to £45,612.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Anchor Chemical, British and Commonwealth Shipping, Chesterfield Properties, Chrysalis, Philip Hill Investment Trust, Leopold Joseph Sterling Fund, Norscot Hotels.

Finals: Arbuthnot Government Securities Trust, Arbuthnot Japan Growth Fund, British Assets Trust, Goodman Brothers, Manganese Bronze, Pressac, Rand Mines Properties, *TR Pacific* Basin Investment Trust, Walker and Homer.

FUTURE DATES

Interims—

Anglo American Coal	Nov 12
Asset Sepcial Situations Tst.	Nov 8
El Oro Mining and Exploration	Oct 29
English and Intnl. Trust	Oct 29
Exploration Company	*Oct 29*
Globe Investment Trust	Oct 29
Hunting Group	Oct 31
NES	Oct 28
Norton Opax	Nov 25
Oxford Instruments	Nov 4
Walker and Staff	Nov 21
Whitbread Investment	Nov 5

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); *retail sales volume* (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1984							
3rd qtr.	102.3	101.3	107	111.4	133.3	3,076	165.1
4th qtr.	103.4	101.2	105	112.7	164.0	3,103	164.1
1985							
1st qtr.	106.0	102.7	102	113.3	133.9	3,138	160.8
2nd qtr.	108.0	103.1	97	115.0	141.4	3,174	172.1
3rd qtr.				116.5		3,180	179.6
February	105.3	102.4	108	112.7	130.2	3,144	159.7
March	107.1	103.5	102	113.9	136.5	3,147	162.9
April	107.8	102.9	90	113.5	140.3	3,176	169.8
May	108.2	102.4	97	115.3	142.0	3,177	170.7
June	107.9	104.0	102	116.0	141.8	3,169	175.9
July	106.3	101.4		116.0	146.9	3,175	176.9
August	106.8	102.9		117.5	145.4	3,183	177.7
September				115.9		3,180	184.2

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, *metal manufacture,* textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
2nd qtr.	101.6	96.8	105.5	98.8	107.6	97.7	18.0
3rd qtr.	102.0	97.7	104.6	100.2	110.8	98.2	16.2
4th qtr.	102.5	98.3	106.1	99.7	107.3	99.4	13.3
1985							
1st qtr.	102.8	102.2	109.2	103.2	112.1	98.8	13.8
2nd qtr.	102.2	102.8	113.2	103.6	121.6	98.5	18.6
February	102.7	101.2	108.2	103.0	111.0	99.0	13.2
March	103.1	104.0	110.4	104.0	115.0	100.0	16.6
April	101.9	102.2	113.4	103.0	120.0	98.0	17.9
May	101.3	102.4	114.1	103.0	122.0	97.0	19.9
June	103.4	103.7	112.1	105.0	123.0	100.0	17.9
July	100.5	100.7	111.7	101.0	122.0	98.0	18.4
August	102.3	102.6	110.9	104.0	124.0	99.0	15.9

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
3rd qtr.	109.9	122.7	−1,615	−363	+1,804	97.2	15.26
4th qtr.	119.7	129.1	−1,313	+424	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,283	−535	+1,862	96.5	14.80
2nd qtr.	120.6	126.0	−222	+1,183	+2,368	98.2	14.11
February	123.6	127.5	−241	−12	+675	96.2	15.35
March	119.6	136.8	−977	−704	+260	96.5	13.53
April	121.8	130.2	−259	+210	+687	97.3	14.03
May	121.7	121.0	+252	+721	+838	98.3	13.98
June	118.4	126.9	−216	+252	+843	99.1	14.32
July	116.9	122.6	−56	+344	+693	99.5	14.26
August	113.5	122.7	−194	+206	+667	101.3	14.26
September							14.18

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,813	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,064	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771		11.50
February	3.1	−5.0	4.6	13.3	474	1,013	14.00
March	−1.3	−1.2	9.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,061	12.63
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	961	12.50
July	4.4	19.1	8.3	16.8	658	1,129	11.50
August	2.4	22.9	14.4	21.8	524	1,116	11.50
September	1.1	5.2	12.4	14.2	597		11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products *(1980=100); retail prices and food prices (1974=100); FT* commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
2nd qtr.	170.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.		133.4	140.2	376.3	335.5		
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.1	145.5	137.5	366.1	335.4	295.22	73.3
April	169.4	140.8	139.2	373.9	338.8	295.08	78.0
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	171.9	136.7	139.6	376.4	340.1	278.13	79.9
July	173.7	134.0	139.9	375.7	335.3	259.51	83.6
August	173.5	133.0	140.1	376.7	335.3	254.34	81.6
September		138.2	140.5	376.5	335.8	251.12	81.4

* Not seasonally adjusted.

Public Works Loan Board rates

Effective October 23

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10½	—	—	11⅛
Over 1, up to 2	10¾	10¾	10⅝	11¼	11¼	11⅛
Over 2, up to 3	*10¾*	*10¾*	*10⅝*	*11¼*	*11¼*	*11⅛*
Over 3, up to 4	10⅝	10¾	10⅞	11⅛	11⅛	11⅜
Over 4, up to 5	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 5, up to 6	10⅝	10⅝	10⅜	11⅛	11⅛	11⅛
Over 6, up to 7	10⅝	10⅝	10¼	11⅛	11⅛	11⅛
Over 7, up to 8	10⅝	10⅝	10⅜	11⅛	11⅛	11⅛
Over 8, up to 9	10⅜	10⅜	10⅜	11⅛	11⅛	11⅛
Over 9, up to 10	10½	10⅜	10⅜	11⅛	11⅛	11⅛
Over 10, up to 15	10⅜	10⅜	10⅜	11⅛	11⅛	10⅞
Over 15, up to 25	10¼	10⅜	10¼	11	10⅞	10¾
Over 25	10⅜	10¼	10¼	10⅞	10¾	10¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LAW AND SOCIETY

Licence or liberalism: after Gillick

BY CELIA HAMPTON

LAWSUITS THAT tackle moral perplexities occasionally put judges in the way of homely wisdom in bus queues and saloon bars up and down the country, as well as in the Press and media. Yet moral perplexities are the daily routine of the law, whether they are about marriage, children, bills of lading or performance bonds.

When the parties to a dispute invest vast sums of money in the legal process, they are both likely to perceive themselves as morally right. Achieving justice between them is the prime function of the courts, not the development of arid and abstract bodies of law detached from morality.

When the public feels keenly about a moral issue, a temporary cloud of heat tends to obscure the light actually dispensed by the judges. In the last week this has been particularly true of "the Gillick case."*

The "licence for under-age sex" reaction is as misconceived as the "boost for kids' rights" is unattractive. Neither is the true outcome of the House of Lords decision, although it would be foolish to deny the influence it will have on public opinion.

The judges confronted the moral issue head-on, rather than side-stepping through formalistic legal reasoning. That is an honest acknowledgement of their role. There is, and will continue to be, controversy over the legal outcome. Indeed, the three levels of judicial decision in the case scored a majority of 5:4 *against* it.

The two legal propositions laid down by the House of Lords are:

(1) that a person under the age of 16 can, in some circumstances, consent to medical treatment; and

(2) that a parent's authority over a child gradually dwindles over a period, and does not suddenly disapear on the celebration of a particular birthday.

These have not been addressed by the courts in quite so direct a manner before, and the legislature has had little or nothing to say about them.

The only general statute dealing with consent to medical treatment is infuriatingly oblique. Section 8(1) of the Family Law Reform Act 1969 (which lowered the age of majority from 21 to 18) says that the consent of a minor who has reached the age of 16 will be "as effective as it would be if he were of full age." It goes on to dispense with parental consent in such cases.

Does this mean that a minor who is not yet 16 cannot consent?

Fortunately for the House of Lords majority, the section goes on to say that "nothing in this section shall be construed as making ineffective any consent which would have been effective if this section had not been enacted." This classic passage of legalese enabled Lord Fraser to find that, if a consent could be given under general principles of law, the statute would not defeat it.

The cases really say very little to the point. The absence of any firm ruling enabled Lord Fraser to take a robust view of common sense: ". . . if the inference which Mrs Gillick's advisers seek to draw from the provisions is justified, a minor under the age of 16 has no capacity to authorise any kind of medical advice or treatment or examination of his own body. That seems to me so surprising that I cannot accept it . . ."

That contraception has become a matter of medical advice and treatment is a fact of life. Methods available to women are not simple mechanical devices but have implications for general health, especially so perhaps for the very young. Doctors are involved, whether they like it or not.

Does this mean that young girls now have a licence to go behind their parents' backs and sleep around, with the blessing of the medical profession?

Of course not. Doctors are subject to an active and rather severe disciplinary code. The DHSS guidelines which were the subject of Mrs Gillick's complaint are extremely cautious in allowing doctors to act without parental involvement:

"Special care is needed not to undermine parental responsibility and family stability. The Department would therefore hope that in any case where a doctor or other professional worker is approached by a person under the age of 16 for advice in these matters, the doctor . . . *will always seek to persuade* the child to involve the parent . . . at the earliest stage of consultation, and will proceed from the assumption that it would be *most unusual to provide advice about contraception without parental consent.*"

Infringement of these guidelines may well result in disciplinary action against a doctor. There is always the danger, of course, that the "seeking to persuade" will be reduced in practice to a mere formality.

Lord Fraser spelt out five specific issues on which a doctor must be satisfied, and these are a matter of law, bearing in mind their origin. He must be satisfied that the girl will understand his advice, that he cannot persuade her to tell her parents or allow him to do so, that she is very likely to have sexual intercourse with or without contraceptive treatment, that her physical or mental health is likely to suffer unless she receives the treatment, and that her best interests require him to give it without parental consent.

This leads to the second legal proposition—the power of a parent to thwart the child's wishes or, more accurately, the power of the parent to stop a third party doing something to his child. To call this a parent's "right" is to confuse the issue and harks back to times when children were regarded as possessions entirely within the disposal of parents until maturity.

Yet there has hitherto been very little law about the parent-child relationship. It has focused on the margins—disputes between parents over custody, wardship by the court, taking a child in danger into care, etc. Rarely has it looked at the relationship between a normal, loving parent and his child.

Such legal powers as a parent has over his child, most especially *vis-à-vis* strangers, arise not out of possession or ownership, but out of the duty the parent owes to the child to care for him. It is the parent's duty to protect the child from harm, though this legal principle is not altogether clear since it has been under-litigated.

The harm to which children are susceptible varies with their experience and maturity. There is no specific age at which a child will cease to be harmed by watching "Starsky and Hutch," but it is probably safe for a 14-year-old. Obviously, sexual contact will harm a pre-pubescent girl.

A child matures to different legal capacities at different ages. At 10 he becomes capable of committing a criminal offence. At 16 he can marry. At 18 he can vote. At 21 he can be sent to prison. At 16 a girl may have intercourse without her partner incurring criminal liability. These age limits, especially where criminal liability is involved, must be precise so that people can be certain of their legal position.

The relationship between a parent and a child cannot be so neatly classified. Lord Scarman, having examined such law as there was before the Gillick case, concluded: "Save where statute otherwise provides, a minor's capacity to make his or her own decision depends upon the minor having sufficient understanding and intelligence to make the decision and is not to be determined by reference to any judicially fixed age limit."

This leaves the law in a rather pliant condition, to be decided in each case as the circumstances warrant. It is the generally approved tendency of the common law, *however*, which bases itself upon general principles dating from antiquity but interpreted in the light of changing circumstances. That children should be given more responsibility and independence at an earlier age conforms more with mid-1980s thinking than does the Victorian attitude that strict compliance with a father's wishes would lead to a son being cut off without a shilling — or an unchaste daughter being turned out on to the parish.

However, there have been cases which indicate that popular sentiment has sometimes been against parental authority.

In one, the victim of a motor accident at the age of 15, who was living away from home and working on a farm, would have been excluded from bringing an action for damages under an eccentric piece of legislation about limitation periods if it was shown that he was in the control of his father at 15.† Lord Denning "declined to take a view so out of date."

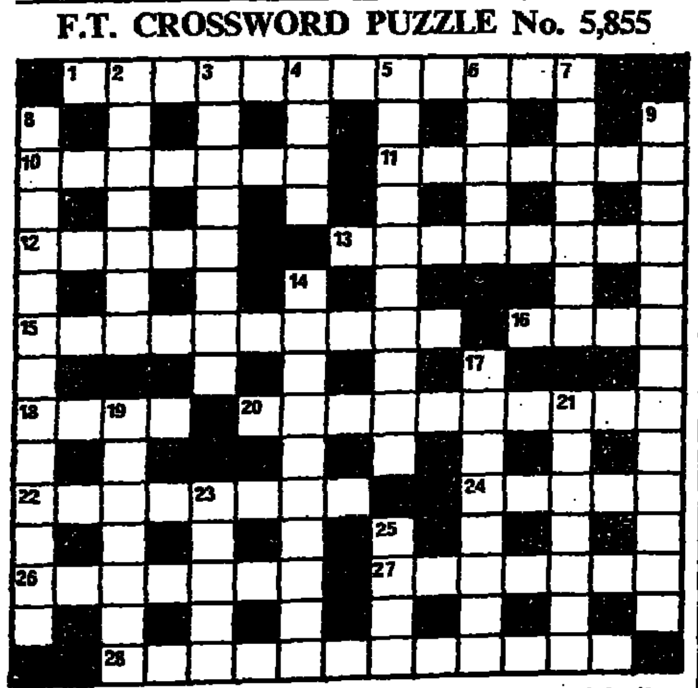
In another, a man accused of raping a girl under 16 was found not guilty because she consented.‡

When a father pleaded parental power as an excuse for seizing his daughter, he was nevertheless convicted of kidnapping.§

The legal propositions in Gillick's case may not therefore be as startling as they appear at first sight. However, to those of us who are parents as well as under-16-year-olds grown old, the *moral* implications of the decision are thought-provoking.

* *Gillick v West Norfolk and Wisbech Area Health Authority and the Department of Health and Social Security, House of Lords.*
† *Hewer v Bryant [1970] 1 Q.B. 357.*
‡ *R v Howard [1966] 1 W.L.R. 13.*
§ *R v D [1984] 1 A.C. 778.*

F.T. CROSSWORD PUZZLE No. 5,855



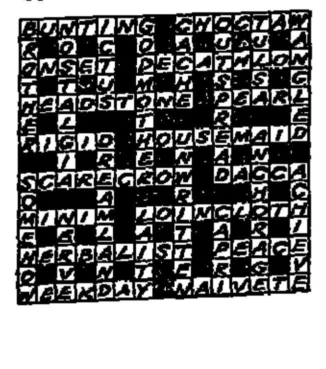
ACROSS

1 School teacher takes hours restoring order (12)
10 Badly leaking connection (7)
11 Decorate, one way or the other (7)
12 When established, something's to one's credit (5)
13 Stop when the standard is low (4, 4)
15 Nobility in the bakery? (5, 5)
16 Roadwork sign? (4)
18 It is made in a churn (4)
20 Inlaid gems may turn out to be false (10)
22 Lost in time, perhaps (8)
24 She appears in an ensemble that's rather colourless (5)
26 A live TV broadcast in Israel (3, 4)
27 Sun and showers give one colour, naturally (7)
28 As in pre-stage make up? (12)

DOWN

2 Gets off or puts on the line (5, 2)
3 New creators of atomic energy (8)
4 A form of need where there was none (4)
5 Army shells explode without causing any damage (10)
6 Take off clippers of the line? (5)
7 Make the most of an adventure (7)
8 Delightful craft? (8, 5)
9 No inside information (5, 4, 4)
14 Capital ideas (10)
17 A self effacing action of the Japanese (4-4)
19 Use it along with mathematical tables (7)
21 Settle how a monk may live (7)
23 Show regret about evening being cut short (5)
25 Short cut taken when hunting (4)

Solution to Puzzle No. 5,854



APPOINTMENTS

Senior London banking post

BANK OF AMERICA has appointed Mr Richard M. Parkinson as head of the newly-formed financial institutions section in the London branch. He has joined from Citibank in London, where he was head of the financial institutions division.

★

Mr Derek Dumbleton and Mr Michael Caine have been appointed to the board of TR INTERNATIONAL (CHEMICALS). Mr Dumbleton is responsible for the company's sales in southern England; Mr Caine is head of the international division. TR International is part of Simon Engineering's merchanting group.

★

CARSON OFFICE FURNITURE, part of Acco Europe, has promoted Mr Alan Trotter to sales and marketing director. He was national sales manager.

★

HUGIN GROUP has appointed Mr Joseph T. Casey as a non-executive main board director. He is executive vice-president of Litton Industries Inc, which recently became a shareholder in Hugin Group following Hugin's acquisition of Sweda International, formerly a division of Litton. Mr Casey continues as an executive director of Litton Industries, based in Beverley Hills, California.

★

Herr Walter Fischer and Mr Peter Morgan have been appointed to the board of CASTLE (GB). Herr Fischer is the founder and chairman of W. F. Rational, a major supplier and a substantial shareholder of the company. Mr Morgan will assume responsibility for the future development of Castle Bathrooms.

★

Mr Alastair Storey has been appointed to the board of SUTCLIFFE CATERING SCOTLAND as operations director. He was general manager.

★

GIBBS HARTLEY COOPER, Lloyd's insurance broker and a wholly-owned subsidiary of the Hongkong Bank, has appointed Mr Leon Stoffberg as finance director of General Guarantee Corporation (subsidiary of Great Universal Stores).

★

Mr Joseph D. Olbein has been appointed to the board of the MILTON KEYNES DEVELOPMENT CORPORATION. He is regional executive director (south-east region) of the National Westminster Bank.

★

AUTOMATED CONFIRMATION SERVICE, which operates a computerised system for confirming foreign exchange and currency deposit deals, has appointed Dr R. A. Ewins, a member of Hoskyns, as managing director. Mr Richard Hill has joined from Geisco as business development manager. The company operates the service on behalf of members of the Foreign Exchange and Currency Deposit Brokers' Association. Its newly-appointed chairman, Mr Derek Tullett, is also chairman of FECDBA and of Tullett and Tokyo Forex International.

★

Mr Malcolm Coates has joined the board of DELTA CONSTRUCTION COMPANY. He was contracts director of the tunnelling division of Fairclough Construction.

★

Ms Elizabeth Luton, formerly with Longbarr Developments, has been appointed to the board of RUTLAND MANAGEMENT, a Rutland Group Holdings company.

★

Mr Anthony R. P. Elliot has been appointed a director of WIMPEY INSURANCE SERVICES. He joined this subsidiary of George Wimpey as production manager in 1984.

★

Mr Ian Bayer has been appointed group finance director of FIRST SECURITY GROUP. He succeeds Mr Nigel Wood, who remains on the board as a non-executive director. Mr Bayer was previously finance director of the group's subsidiary, First Security Group of Companies.

★

COVENTRY COMPRESSORS has appointed Mr Mick Burgess to the board. He is general manager. Coventry Compressors is a part of Eddison Plant, a BET Plant Services company.

★

Mr Malcolm Brown has been appointed director-in-charge of the Newcastle upon Tyne office of BAIN DAWES following the departure of Mr David Walker.

★

Mr Bryan Bowley has resigned as managing director of G. JACKSON & SONS, part of the Trafalgar House group. He retires on December 31. Mr A. D. P. Evans has taken over as managing director.

★

Mr Patrick Gunn has been appointed managing director of BERGER PAINTS IRELAND to succeed Mr Roy Guise who is retiring at the end of October. Mr Gunn was a sales manager in PGW Holdings, another Berger Britain company.

★

Mr Jim Hayman has been appointed director, UK operations, for SLADE CONSULTING GROUP (UK). He joins from Sacs Consulting Group in Melbourne where he was managing director. Mr Martin Lawless has joined Slade from Arthur Young Management Consultants where he was a senior consultant.

★

Mr Peter Cooper has been appointed managing director of RACAL SAFETY and RACAL PANORAMA companies in the Racal Health and Care group.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd.
66 Cannon St, London EC4N 6AE. Dlg. 01-236 3885

International Growth	90.7	96.6		2.00
Income & Growth	43.2	45.7	+0.1	3.20
Special Situations	52.1	55.5	+0.5	1.40
American Growth	26.0	27.7	+0.1	1.10
Japan Growth	33.4	35.6		–
European Growth	39.9	42.7	–0.1	3.30
UK Growth	40.0	42.8	+0.2	–
Pacific Growth	31.7	33.9		1.80
High Income	30.0	29.9	+0.2	7.40
Practical Income Units	41.5	44.2	+0.1	3.1
Practical Accum Units	74.5	79.3	+0.1	3.1

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	65.3	69.5	+0.3	3.14
Accum Units	96.5	102.7	+0.4	3.14
Pearl Inc.	92.4	98.3	+0.6	5.0
Pearl Unit Tst	97.7	103.9	+0.7	3.95
(Accum Units)	165.1	175.6	+1.1	3.95

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	199.8	208.0	+0.1	1.93
Income	145.5	155.8	+0.9	5.39
Worldwide Recovery	106.9	114.7	+0.6	2.66
American Growth	53.3	57.3	+0.2	1.11
Intl. Emerging Cos.	59.0	63.4	–0.2	0.75
Far East Growth Fd.	49.5	53.1	–0.4	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544-7

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh. 031 225 2211

Property	106.2	111.9		
UK Equity	132.8	139.9	+1.6	
American	119.8	126.3	+0.7	
Pacific	107.4	113.1	-0.2	
European	134.6	141.8	+0.2	
International	118.0	124.4	+0.3	—
Fixed Interest	107.1	112.9		
Index Linked	101.7	107.3		—
Deposit	105.2	110.9		
Managed	115.9	122.3	+0.6	—
Pens. Property	111.3	117.7	+0.1	
Pens. UK Equity	140.7	148.2	+2.0	
Pens. American	124.0	130.7	+0.9	
Pens. Pacific	109.6	115.4	-0.3	
Pens. European	142.1	149.7	+0.3	—
Pens International	124.0	129.5	+0.4	
Pens. Fixed Int	112.0	118.0		—
Pens. Index Linked	109.0	110.6		
Pens. Deposit	112.5	118.6		—
Pens. Managed	121.5	128.0	+0.5	

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow. 041-248 6321

Flex End Oct 15	633.0	652.6	
Pen Mngd Sept 30	421.1	434.1	

Scottish Mutual Investments
109 St Vincent St., Glasgow. 041-248 6321

Safety Fund	102.8	108.3	-0.1
Growth Fund	99.2	104.5	+0.2
Opportunity Fund	101.4	106.8	+0.2
Cash Fund	97.6	102.8	
European Fund	110.3	116.2	+0.2
Gilts & Fixed Int Fund	103.2	108.7	
Index-Linked Fund	97.2	102.4	+0.2
International Fund	96.6	101.7	

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL. 0272 426911

Managed Acc.	331.0	348.5	+1.5	—
Property Acc.	201.8	212.5	+0.2	—
Equity Acc.	461.6	485.9	+3.9	—
Fixed Interest Acc.	192.7	202.9	+0.2	—
Index-Linked Acc.	107.3	113.0	+0.1	—
Cash Acc.	170.1	179.1	+0.1	—
American Equity Acc.	161.5	170.0	+1.3	—
U.S. Bonds Acc.	100.5	105.8		—
Japan Acc.	123.4	129.9	+0.1	—
Pacific Acc.	105.2	110.8	-0.7	—
Far Eastern Acc.	249.4	262.6	+0.1	—
International Acc.	243.2	256.0	+1.4	—
U.S. Dollar Acc.	95.6	100.7		—
Yen Acc.	99.1	104.4		—
European Currency Acc.	98.1	103.3	+0.1	—
Distribution	150.2	158.2	+0.2	9.53

Sun Life Pensions Management Ltd
(Units for individual pension contracts)

Pens. Managed Acc.	332.4	349.9	+0.9	—
Pens. Property Acc.	165.5	174.3	+0.1	—
Pens. Equity Acc.	433.1	455.9	+3.2	—
Pens. F. Interest Acc.	184.6	194.4	+0.3	—
Pens. Ind. Lnkd. Acc.	107.1	112.8	+0.1	—
Pens. Cash Acc.	175.7	185.0		—
Pens. Amer. Equity Acc.	132.3	139.2	+0.3	—
Pens. U.S. Bonds Acc.	114.0	120.0		—
Pens. Japan Acc.	126.4	133.1	+0.5	—
Pens. Pacific Acc.	126.8	133.5	-2.6	—
Pens. Far Eastern Acc.	385.1	405.4	-1.5	—
Pens. Internat. Acc.	310.2	326.6	-0.1	—
Pens. U.S. Dollar Acc.	101.1	106.5		—
Pens. Yen Acc.	104.4	109.9	+0.1	—
Pens. Euro. Curr. Acc.	99.5	104.8	+0.2	—

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks. 0732-450162

Equity	£189.65	195.51	

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$12.81		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.53	-0.01	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$10.69	-0.01	—
Dynamic Gwth Fd	$9.66	-0.02	—

Money Market Trust Funds

The Charities Deposit Fund
77 London Wall, London EC2N 1DB. 01-588 1815

	Gross	Net	Gr Equiv. CAR	Int Cr
Deposit	11.20			3-Mth

The Money Market Trust
63 Qn Victoria St, EC4N 4ST. 01-236 0952

	Gross	Net	Gr Equiv. CAR	Int Cr
Call Fnd	11.49	8.59	12.60	6mth
7-day Fnd	11.55	8.63	12.66	6mth

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE. 01-236 1425

	Gross	Net	Gr Equiv. CAR	Int Cr
Call Fnd	11.52	8.61	12.68	6-Mth
7-day Fund	11.05	8.26	12.15	6-Mth
Dollar	7.12			6-Mth
Money Mngt. Acct.	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

Adam & Co. plc
22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484

	Gross	Net	Gr Equiv. CAR	Int Cr
Full Service Chq Acc.	11.25	8.00	11.78	Qtr

Aitken Hume

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	38	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met.	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	48
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

China to step up farm borrowing

BY ROBERT THOMSON IN PEKING

CHINA plans to increase its use of foreign funds in agricultural development by 50 per cent over the next five years, the People's Daily reported today.

The projected increase is part of the country's drive to quadruple agricultural output by the end of this century. However, in recent months, central authorities, concerned about a slump in foreign exchange reserves, have exercised strict control over new projects.

In the past five years, the paper estimates, about Yuan 1.12bn ($390m) in foreign funds has been used in agricultural projects through joint ventures with foreign companies. Ideally, the paper indicated, China would like future investment to be in exportable products.

Development of exports and generation of foreign exchange is the cornerstone of the country's seventh five-year plan, which takes effect from next year, and the use of foreign funds will be focused on achieving those aims. Central officials are now very reluctant to provide hard currency for projects that will not generate income.

The Chinese economy has struggled to increase exports, while foreign exchange reserves have been hit by a flood of imports. The announcement that the country is looking to attract investment in agriculture is a clear sign that it will be one of the key export areas in coming years.

Figures released yesterday by the State Statistical Bureau show there has been an overall reduction in the sown area of cotton and grain this year. Despite previous claims by Chinese officials that China would have another bumper grain harvest, bureau officials admitted that output will decline due to the reduced sown area, drought and floods.

The sown area of cash crops has increased to 22.67m hectares, up 3.53m hectares on last year. Sugar crops have increased by 307,000 hectares, tobacco by 330,000, and jute and hemp by about 600,000.

● China's fear of importing smut disease with wheat from the U.S. was partly responsible for the big rise in U.S. acreage sown to wheat in the late 1970s, according to a report from the U.S. Census Bureau.

It says the Chinese did not want to buy wheat from northern states because it might contain smut spores, which require 30 to 40 days under snow cover before infecting the wheat kernel. So they started buying the soft red winter wheat grown in the southern states, thus encouraging a big increase in wheat acreage there.

Platinum price up again on S. Africa fears

By Stefan Wagstyl

PLATINUM prices rose again in the precious - metal markets yesterday, reflecting continuing concern about unrest in South Africa.

The premium of the platinum price over the gold price widened to $9.35 yesterday, with platinum closing in London $7.60 higher at $335.85 and gold $1.25 lower at $326.5.

The premium has appeared in the wake of President P. W. Botha's speech earlier this week which carried a thinly-veiled threat that South Africa might retaliate against sanction by cutting off mineral supplies.

South Africa accounts for some 79 per cent of the world's reserves of platinum group metals. Among them is rhodium, which climbed in price by $20 yesterday to a range of $1,030 to $1,050 an ounce. Impala Platinum, one of the three leading South African producers, raised its price from $800 to $975 an ounce, reflecting the rise in free market prices.

South Africa accounts for some 79 per cent of the world's known reserves of platinum group metals. About three-quarters is used in industry—primarily in electronics and in vehicle manufacure, where it is required for catalytic converters used in exhaust systems. The rest goes into jewellery and investment holding. Traders believe that price rises could tempt investors to sell sufficient to keep industry supplied during a short-term interruption in supplies. The Soviet Union, another major producer, might also be tempted to sell, they said.

South Africa is also a pre-eminent supplier of Chromium, singled out for special mention in President Botha's speech, with some 84 per cent of world reserves of chrome ore. The metal is used primarily in putting hard surfaces on to steel, mainly in making stainless steel. It has widespread uses in making industrial, consumer and military goods. However, there are alternative suppliers of chromite and fero-chrome — including the Philippines, Turkey and India which could fill the gap if South Africa halted production.

● Moves are afoot to revive Switzerland's gold mining industry, more than 40 years after its demise, writes **John Wicks from Zurich.**

The Government of the Swiss Canton of Ticino has granted rights to Narex Ore Search Consultants, of Toronto, to drill for gold in Astano and Sessa.

The area, which is close to the Italian frontier, was the site of a gold-mine worked until 1940. Last year it had been stated that metal content was between 30 and 136 gramme per tonne of ore, although this is now put at closer to 15 grammes.

EEC studies revised dairy plan to help restrict milk production

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission will today examine a revised scheme—valued at about Ecu 1.26bn (£756m)—aimed at persuading some of the EEC's 1.6m dairy farmers to give up milk production.

The final proposals, hammered out in talks between senior market managers and the 14 Commissioners' political aides, have increased substantially the money available to the project from the Ecu 840m originally planned.

But to lay off the cost they have also lengthened the period over which the cash must be paid to farmers from three to seven years.

Experts believe that these changes will make the so-called outgoers scheme more attractive, and will also create real cash savings for the already stretched Ecu 20bn farm budget for 1986.

By removing 3m tonnes of the 14m to 18m tonne annual milk surplus in the first year yet paying the compensation over a longer time, the ensuing reduction in community output should create funds that would otherwise have been spent on the most costly disposal programmes.

Furthermore, the revised project promises farmers Ecu 42 for every 100 kilograms of production given up, compared to the original Ecu 28/100 kg proposal, thereby more than equalling the generosity of the best national outgoers compensation schemes now in force.

The drawback for the farmers is that they will only see the full sum after receiving a one-seventh tranche each year for seven years, instead of a third for three years.

Details of the revised programme emerged in Luxembourg this week as Farm Ministers completed two days of inconclusive talks on a range of other issues. These included an abortive effort to agree new levies on sugar producers and a common Community position on the use of hormones for livestock fattening.

Britain is strongly opposed to an outright ban on hormones which is equally vigorously urged on health and safety grounds by several member states led by West Germany. London claims that hormones approved by existing scientific research should continue to be authorised, and warns that a ban would both be hard to administer and could provoke further trade tensions with the U.S. which exports about $200m-worth of beef to the EEC each year.

However, the Commission now appears to be shifting its position from a proposal simply to outlaw artificial hormones to an overall ban. The issue will be raised again at the Council meeting next month.

The Ministers, did, however, agree to an increase in the consumption aids for olive oil by raising these payments, which are aimed at reducing retail prices, from Ecu 49.8 per 100 kilos to Ecu 53. It is hoped that this will enable olive oil to remain competitive on the European market

Buyers hold off at NZ wool sales

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S wool stockpile is growing again. At the Christchurch sale last week the New Zealand Wool Board spent NZ$5m (£2m) buying up 51 per cent of the 18,000 bales on offer.

The board stepped in to hold the floor price.

The continuing strength of the NZ dollar, now worth around 58 U.S. cents, is causing buyer resistance. Many European buyers believe the NZ unit will fall thus reducing their costs in their own currencies if they buy later.

This season the Board has brought 74,800 bales. This has pushed the stockpile to 98,000 compared with 38,000 bales at the start of the season in July and 62,000 bales in October last year.

The rising exchange value of the NZ dollar has contrasted with the weakening of the Australian dollar so Australian wools are priced cheaper to overseas buyers.

The high cost of holding stock has also reduced buyer demand. Customers are buying only enough wool to fill their immediate needs, while leaving the Wool Board to hold the stocks.

The Wool Board, however, says it is convinced this is only a short term situation and that sales will pick up.

Tough Indonesian stance expected on rubber pact

BY KIERAN COOKE IN JAKARTA

INDONESIA IS likely to adopt a tough and critical stance at a meeting of the International Natural Rubber Organisation (INRO) in Kuala Lumpar next week.

The country's rubber producers claim INRO is deliberately keeping world prices low to protect the interests of consumer member countries. Indonesia, with production of nearly 1.1m tonnes last year, is the world's second biggest rubber exporter after Malaysia.

At the end of a meeting in Jakarta this week Indonesian producers said they felt Indonesia should no longer participate in the INRO buffer stock programme, designed to defend floor and ceiling prices. The producers said the use of the buffer stocks had been counter productive and had, in fact, contributed to a decline of more than 20 per cent in prices in the past year. The buffer stock, which now totals 400,000 tonnes, had also taken the speculative element out of rubber trading which had in the past helped to support prices, they said.

"We are facing a crisis said one producer and so are about 10m Indonesian smallholder rubber farmers."

Despite calls by producers to abandon all existing agreements and leave INRO observers feel it's unlikely that the Indonesian Government will take such a drastic step at next week's meeting. They say that such action would not fit with the Indonesian wish to be seen as a moderate in both economic and political matters.

Jamaica bids for bigger coffee earnings

By Canute James in Kingston

JAMAICA is establishing 10,000 acres of new coffee farms in an effort to lift earnings from $10m to $50m a year.

Mr Anthony Johnson, the junior minister for agriculture, said the farms were being financed by the EEC and the Commonwealth Development Corporation.

Some of the farms will be dedicated to Jamaica's prized high grown Blue Mountain variety, which Mr Johnson said was earning $6 a pound, against $1.50 or less for the general run of coffees.

He said current output of the Blue Mountain variety was 20,000 boxes (3,000 bags of 60 kilos each) a year and that this would be increased to 100,000 boxes (15,000 bags).

Sierra Leone pins its hopes on diamonds

Peter Blackburn reports on efforts to revitalise sagging export earnings

DEVELOPMENT of a long-delayed 240,000 carat a year kimberlite underground diamond mining project in Sierra Leone's Eastern Kono district is likely to go ahead early next year, according to project promoter, Mr Jamil Said Mohamed.

The project would help to reverse a dramatic decline in the export of diamonds, representing about 30 per cent of the country's export earnings, and bring the balance of payments back into surplus.

Production is planned at 600,000 tonnes a year of ore containing 0.4 carats per tonne. The reserves contain 80 per cent gem stones and only 20 per cent industrial diamonds and would provide 20 years production, according to Mr Jamil.

Results of a pre-planning study by Sweden's Skanska are expected shortly and talks are in progress with private investors. Mr Jamil said it was "premature" to identify the potential partners and added.

The cost of the project was originally put at $140m. But Mr Jamil said that was an over-estimate and with the use of different mining techniques the figure was likely to be "more than halved."

Mr Jamil is the managing director of the state-controlled Precious Minerals Marketing Company (PMMC) as well as the country's leading private entrepreneur.

PMMC bought BP Minerals' share in the kimberlite project when it withdrew late last year. It paid $8.5m for BP's 49.5 per cent stake in the state-controlled National Diamond Mining Company (Diminco). PMMC also paid off BP's $4m bank overdraft plus a foreign debt of $600,000 and purchased $20m-worth of mining equipment from the Saudi gold mining company Bin Rafaah.

BP's decision to pull out was part of a total withdrawal from business ventures, including petroleum refining and marketing, in Sierra Leone. The company said it was a purely commercial decision linked to current market conditions.

President Siaka Stevens strongly criticised the BP withdrawal. He told the Sierra Leonean Parliament that it was a "shocking disappointment" and made "without any prior notice."

President Stevens also criticised the decision last year of De Beers subsidiary, Diamond Corporation West Africa, which had been allocated marketing rights to 50 per cent of Diminco's output, to cut its price offer by 40 per cent. This reflected low world prices and the build-up of huge stocks.

However, increased smuggling combined with the exhaustion of easily accessible alluvial reserves were more important factors than the depressed world market in the sharp decline in the country's diamond exports in recent years, analysts say. It is estimated that some 75 per cent of the country's diamond output used to be smuggled out.

The value of alluvial diamond exports fell to $17m from $80m between 1980 and 1983. Overall output, including Diminco production, more than halved to 352,000 carats from 846,000 carats between 1979-83.

The Government introduced an export incentive scheme early in 1984 aimed at reversing the decline. The scheme allowed alluvial gold and diamond exporters to retain their hard currency earnings to finance approved imports or alternatively to sell their hard currency to importers at parallel market rates.

The scheme was highly successful. During the few months it operated $24m worth of alluvial diamonds were exported — more than for the whole of 1983.

However, the Government decided in August 1984 to set up PMMC as a joint venture with private diamond dealers, including Mr Jamil and a prominent Lebanese businessman Mr Tony Yazbeck.

PMMC purchases diamonds at close to the parallel market rate — now nearly Le 15 against the dollar compared with the official rate of Le 5.4 — and is expected to surrender its hard currency earnings to a foreign exchange committee set up by the Government.

Between October and December 1984 PMMC surrendered $9m which was mainly allocated to finance private sector imports.

However bankers and traders say that no foreign exchange has been surrendered for several months and PMMC's marketing methods remain a mystery.

Since the export incentive scheme was introduced the proportion of official diamond exports has risen to about 50 per cent though total output in the financial year ending June 30 is estimated to be less than the 265,000 carats recorded in 1983-84.

LONDON MARKETS

THE STRONGER tone on the New York copper market continued to influence the trend on the LME, where further sharp gains were registered. Cash higher grade copper added another £12.25 to Tuesday's £8.50 advance to reach £992.25 a tonne. Concern about a shortage of copper for nearby delivery in London continued to influence the trend and this was reflected in a further narrowing of the cash discount against the three months quotation from £13.75 to £9 a tonne. New York also gave an upward lead to the London coffee futures market where the January position ended £17 higher at £1,703.50 a tonne. Ironically the New York rise was being attributed to London market talk of drought damage to next year's Brazilian crop.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	670-1	—1.5	668.5/667.5
3 months	692.5-3	—1.5	695 689

Official closing (am): Cash 667.5-8 (668.5-9), three months 690-1 (692-5), settlement 668 (669). Final Kerb close: 692.5-93. Turnover: 14,050 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	992 .5	+12.25	993/992
3 months	1001 5	+7.5	1008/998.5

Official closing (am): Cash 992-3 (971-.5), three months 1001-2 (985-5), settlement 993 (971.5). Final Kerb close: 999-9 5.

Cathodes			
Cash	970 5	+9.5	—
3 months	990 3	+10	987 987

Official closing (am): Cash 987-9 (953-4), three months 986-8 (972-4), settlement 969 (954). Turnover: 39,200 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	277-8	+6.25	—
3 months	280 1	+4.25	281/280

Official closing (am): Cash 278.5-9 (262-.5), three months 281-2 (276-7), settlement 279 (262.5). Turnover: 7,225 tonnes.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2906-10	+55	2900.2885
3 months	2901 5	+5.5	2910/2885

Official closing (am): Cash 2900-5 (2865-70), three months 2885-90 (2885-90), settlement 2905 (2870). Final Kerb close: 2900/10. Turnover: 1,238 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	8505-10	—35.5	—
3 months	3425 30	—35.5	3460/3465

Official closing (am): Cash 8548-9 (8545-50), three months 8460-5 (8465-6), settlement 8549 (8550).

Standard			
Cash	8505-10	—35.5	9560/8550
3 months	3420 5	—30	3460/8330

Official closing (am): Cash 8548-9 (8545-50), three months 8456-60 (8460-1), settlement 8549 (8550). Final Kerb close: 8355-60. Turnover: 1,950 tonnes. Straits tin $m 29.75 (29.93) kilo.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	434.5 5	—0.5	440/440
3 months	440 1	—1.95	447 447

Official closing (am): Cash 440-1 (433-40), three months 445-6 (446-.5), settlement 441 (440). Final Kerb close. 443-444. Turnover: 10,550 tonnes.

GOLD

Gold fell $1¼ to $326¼-326¾ on the London bullion market yesterday. It opened at $327½-328, the day's high and was fixed at $326 90 in the morning and $325.90 in the afternoon. The metal touched a low of $325½-326. Trading was generally quiet, with most attention remaining on platinum, amid continuing fears about disruption in supplies from South Africa.

GOLD BULLION (fine ounce)	Oct. 23	
Close	$326¼ 326¾	(£227¼ 227¾)
Opening	$327½ 328	(£228¼ 228¾)
M'n'g fix.	$326.90	(£227.805)
Aft'n'n fix	$325.90	(£227.108)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$329¼ 329¾	(£229¼ 229¾)
½ Krug.	$173¼ 173¾	(£120¾ 121)
¼ Krug.	$88¼-88¾	(£61½ 61¾)
1/10 Krug.	$36¼ 36¾	(£25¼ 25½)
Mapleleaf	$336½ 337	(£234½ -35)
New Sov.	$78¾ 79¼	(£55.6 ¼)
½New Sov	$46¾ 47¼	(£32½ 33)
Old Sov.	$80 81½	(£55¼-57)
$20 Eagle	$460 500	(£321 349)
Noble Plat	$345 349	(£240½-242½)

SILVER

Silver was fixed 5.15p an ounce higher for spot delivery on the London bullion market yesterday at 432.7p. U.S. cent equivalents of the fixing levels were: Spot 620.5c, up 7.5c; three-month 632 25c, up 7.6c; six-month 644.5c, up 7.9c; and 12-month 671c, up 8 35c. The metal opened at 431-434p (619-622c) and closed at 429-432p (616-619c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	432.70p	-5.15	429.5p	-2.5
3 months	444.45p	-5.25	441.75p	-2.5
6 months	456.51p	-5.50	—	—
12 months	479.20p	-5.35	—	—

LME—Turnover. 31 (14) lots of 10,000 oz

Three months high/low 444p, final kerb 441.5-3 5p.

RUBBER

PHYSICALS — The London market opened nominally slightly easier, attracted no interest throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): spot 57 00p (same); November 54.75p (55.25p). December 55 25p (56.0p). The Kuala Lumpur fob price for RSS No 1 was 182. (183 0) cents a kg and for SMR 20 was 171.5 (172.0).

INDICES

FINANCIAL TIMES

Oct. 22	Oct. 21	M'th ago	Year ago
248.53	246.24	251.52	293.78

(Base: July 1 1952=100)

REUTERS

Oct. 23	Oct. 22	M'th ago	Year ago
1703.2	1701.5	1728.6	1894.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 22	Oct. 21	Month ago	Year ago
Spot	116.65	116.01	—	124.54
Fut.	118.99	118.68	—	127.06

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 23 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1005.25	+5	$1095.25
Copper			
Cash h Grade	£992.25	+12.25	£954.5
3 mths	£1001.25	+7.5	£979.75
Gold Troy oz	$326.5	—1.25	$328.75
Lead Cash	£277.5	+6.25	£263.75
3 mths	£280.5	+4.25	£292.12
Nickel			
Free Mkt	188-208c	+3	202 227c
Palladium oz	$104.00	+1.35	$100.50
Platinum oz	$335.85	+7.60	$312.45
Quicksilver†	$265/275		$280/290
Silver troy oz	432.70p	+5.15	430.65p
3 months	444.45p	+5.25	442.10p
Tin cash	£8507.5	—35.5	£8775
3 months	£8482.5	—30	£8710.5
Tungsten	$70.73		$70.68
Wolfram 22.0lb	$62/66		$64/68
Zinc	£434.5	—0.5	£462.5
3 months	£440.5	—1.95	£469.5
Producers	$750		$850
OILS			
Coconut (Phil)	$440v		$440
Palm Malayan	$362.5u		$377
SEEDS			
Copra Phil	$285v		$300
Soyabean (U.S.)	$212.75		$219.25
GRAINS			
Barley Fut. Jan.	£106.90	—0.35	£106.98
Maize	£135.50v		£131.80
Wheat Fut. Jan.	£108.65	+0.25	£108.90
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1740.5	—5	£1765.5
Coffee Ft. Jan.	£1703.5	+17	£1583.5
Cotton A Index	48.40c	—0.05	52.15c
Gas Oil Dec.	$254.25	—0.75	$252.25
Rubber (kilo)	57p		58p
Sugar (raw)	$129x	+3	$158
Wooltops 64s	414p kilo		430 pkilo

‡ Unquoted. x Oct-Nov. w Nov-Dec. v Nov. u Dec. † per 76 lb flask. c Cents per pound.

COCOA

After being steadier on the opening, values eased and closed at the lows. Physicals were neglected by producers and consumers, but second-hand busines was quite active, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1698-1700	—6.5	1711-1689
March.	1740 1741	—5.0	1756-1738
May	1765 1766	—6.0	1778-1755
July	1789-1790	—5.5	1799-1790
Sept.	1802 1805	—10.0	1814-1810
Dec.	1792 1795	—11.0	1805-1800
Mar.	1800-1810	—6.5	1812-1810

Sales: 1,259 (4,291) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for October 23: 106 62 (106.65); five-day average for October 24: 106.58 (106.36).

COFFEE

After an easier morning, prices rose on further concern regarding drought damage to Brazil's 1986-87 crop, reports Drexel Burnham Lambert. Dealer and shipper selling at the day's highs contained the market but a strong New York performance helped to ensure a steady close.

COFFEE	Yesterdy's Close	+ or —	Business Done
Nov.	1660-1662	+15.0	1670-1640
Jan.	1703 1704	+17.0	1712-1678
March	1730-1732	+11.5	1742-1710
May	1763 1766	+12.0	1769-1746
July	1775 1795	+8.0	1777-1765
Sept.	1787-1838	+2.5	1790
Nov.	1800-1860	+5.0	—

Sales: 2,618 (3,722) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for October 22: Comp daily 1979 125.12 (124.61): 15-day average 121 90 (121.61).

FREIGHT FUTURES

The market opened lower in active conditions but rose when commission house buying of spot October, likely to be short-covering, became evident. Levels remained near the highs apart from spot October, which eased on the close, reports Clarkson Wolff. The Baltic Freight Index was 898.5, up 0.5.

	Close	High/Low	Prev.
Oct.	904/905	908/904	906-908
Jan.	917/918	919 911	912/915
April	967/973	970	966/975
July	865/870	—	860/875
Oct.	930/940	940-935	930/940
Jan.	950/960	955	955/1020
April	1020/1070	—	1030/1070
July	900/940	—	880/940

Turnover: 168 (154).

MEAT

PIGMEAT—Prices lost ground in light volume. Physical prices at market were steady, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	117.10	117.90	118.5-117.0
Feb	101.80	101.80	—
April	102.90	103.00	103.0-102.9
June	101.00	101.30	—
Aug.	99.00	99.70	99.00
Oct.	105.00	105.50	105.00

Meat Commission—Average fatstock prices at representative markets. GB—Cattle 94.29p per kg lw (+0.47). GB—Sheep 156.39p per kg est dcw (+0.01). GB—Pigs 82.80p per kg lw (+2.91). GB—AAPP 102.09p per kg dw (+0.29).

GRAINS

HGCA — Locational ex-farm spot prices. Feed Barley: Eastern 104.00, E. Mids 103.80, N. East 104.60. Scotland 103 00. The UK monetary co-efficient for the week beginning Monday October 28 will remain unchanged at 1.000.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Nov	105.75	+0.25	106.25	—0.10
Jan	108.65	+0.25	106.90	—0.35
Mar	111.45	+0.15	111 85	—0.15
May	114.25	0.10	114.10	—0.15
July	117.05	—	—	—
Sept.	97.00	—0.15	97.15	

Business done—Wheat: Nov 105.70-5.50, Jan 108.65-8.45, March 111.40-1.35, May 114 35-4 25, July untraded, Sept 97.00 only. Sales: 657 lots of 100 tonnes. Barley: Nov 106.30-6.25, Jan 109.25-8.90, March 111 85 only. May 114.15 only, May 114.15 only. Sept untraded. Sales: 177 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 15 per cent: Dec 133, Jan 134 25, Feb 137.50 transhipment East Coast. U.S. No. 2 soft Red Winter: Nov 114 75, Dec 115.75, Jan 116 25, Feb 117 sellers. EC French: Nov 124.50 English Feed Fob Nov 109.50 bid, Dec 110.50-111 00, Jan 11.50-112 00, Jan-March 112-50-113 50, April-June 116 50-117.50 buyer/seller. Maize: U.S No. 3 Yellow/French transhipment East Coast: Nov 135.50 seller. Barley: English Feed fob Nov 109.00-109.75, Dec 111.10-111.50 buyer/sellers, Jan 113.50 seller, Jan-March 114.50-115.50 buyer/sellers, April-June 119 seller. Rest unquoted.

Wheat saw a good trade in November prior to tender, with values closing firm on shipper buying. Barley was fairly quiet, with values drifting, reports Muirpace.

POTATOES

Continued good weather, allowing growers to lift and store potatoes in better conditions than previously expected, led to a further drift in values. In the absence of UK crop statistics, concern is concentrated on the possibility of heavy European imports, which, so far, have been relatively extremely low. The market appears fairly sceptical over the economic practicality of importing wre, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	63.60	65.30	64.00-62.50
Feb	68.00	68.00	67.90-67.10
Apr	76.90	77.80	77.70-76.50
May	83.10	83.80	83.00-82.60

Sales: 233 (218) lots of 40 tonnes.

SOYABEAN MEAL

The market opened slightly firmer in a lack of trade, reports T. G. Roddick. With an absence of news the market drifted lower.

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	125.1 125.5	—	125.5
Feb.	126.8-127.2	—0.15	137.5-127.0
Apr.	126.0-126.2	—0.15	126.5-126.0
June.	124.5-126.0	+0.40	124.7-124.5
August	125.0-126.0	+1.20	125.5
October	127.0 127.2	+1.10	127.0
Dec.	127.5-129.0	—	—

Sales: 584 (222) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $129.00 (£90.00), up $3.00 (up £2 00) a tonne for October-November delivery. White sugar $168.50, up $3.50.

No. 6 Contract	Yest'day's close	Previous close	Business done
	£ per tonne		
Dec.	157.2	136.8-157.8	157.2-136.8
Mar.	146.2	146.0-145.2	146.0-145.6
May	149.0-149.4	149.4 149.8	151.0-150.0
Aug	156.8 157.0	156.8-156.2	—
Oct	161.8	161.0-161.4	162.6-161.8

Sales: 1,116 (1,960) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £193 00 (£191.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports) Prices for October 22: Daily price 4.90 (4.85); 15-day average 4.94 (4.95).

PARIS—(FFr per tonne): Dec 1,345/1,350, March 1,363/1,365, May 1,390/1,395, August 1,435/1,440, Oct. 1,460/1,470: Dec 1,480/1,490.

OIL

Tuesday's API statistics lent support to Brent prices while strength in November physical WTI firmed Nymex. The Nymex opened 12c up for December and gained another 15c by 1.30 pm EDT. In the petroleum products market some end-user and trader demand for prompt delivery naphtha firmed prices slightly. The gas oil market continued to be undermined by fairly thin demand and good supply—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.70 27.68	—
Arab Heavy	25.55-25.65	—
Dubai	26.25 25.35*	—
Brent Blend	28.35-28.45	+0.20
W.T.I. (1pm est)	30.30-30.40	+0.25
Forcados (Nigeria)	28.75-28.95	+0.05
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	278-280	—
Gas Oil	257.5-258.5	+0.5
Heavy fuel oil	133-135	—0.5
Naphtha	242-244	+3

* December Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Nov	256 50	+0.50	258.50-56.50
Dec	254 25	+0.75	255 25 53 75
Jan	253 00	+1.00	254.25 51.00
Feb	249.75	+0.25	251.25 48.75
Mar	242.50	+1.00	244.00 42.25
Apr	235.50	+0.50	237.25 35.50
May	232.00	+0.50	232.40-31.75

Turnover. 2,095 (2,14) lots of 100 tonnes.

U.S. MARKETS

GOLD AND SILVER moved slightly lower, reflecting scattered trade selling linked to a steadier tone to the dollar, reports Heinold Commodities. Platinum continued to attract support on reports of good industrial offtake along with threats by South Africa to cut off strategic metal shipments if economic sanctions are imposed. Copper moved sharply higher on reports of Far Eastern purchases along with a tentative agreement by the United Automobile Workers and Chrysler. Poor bidding at the EEC selling tender led to a weakness in sugar values. Coffee rose sharply on continuing concern over the Brazilian crop which has forced panic short-covering by dealers. Cotton firmed in anticipation that movement into loan will eventually lead to a gradual tightening in cash supplies. The energy complex traded sharply higher in response to the weekly trade report which showed an unexpected draw-down in heating oil stocks

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	42.85	—	—	42.75
Nov	43.00	—	—	42.65
Dec	43.35	43.35	42.75	43.30
Jan	43.70	—	—	43.65
March	44.45	44.30	43.95	44.40
May	45.15	—	—	45.10
July	45.85	45.50	45.50	45.80
Sept	46.55	—	—	46.50
Dec	47.60	—	—	47.55
Jan	47.95	—	—	47.90

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2164	2190	2160	2182
March	2250	2273	2245	2263
May	2296	2315	2296	2308
July	2328	2348	2345	2346
Sept	2345	—	—	2373
Dec	2350	2350	2350	2375
March	2380	—	—	2385

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	147.12	148.20	143.80	144.10
March	148.52	149.35	146.00	145.89
May	148.63	149.50	146.75	146.90
July	148.75	149.20	147.40	147.00
Sept	149.45	149.50	147.60	147.55
Dec	148.88	148.25	147.50	147.13
March	148.75	—	—	146.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	62.30	—	—	61.25
Nov	62.50	—	—	61.45
Dec	62.90	63.00	62.15	61.85
Jan	63.10	62.40	62.40	62.05
March	63.50	63.60	62.75	62.56
May	63.75	63.85	63.10	62.85
July	64.00	63.90	63.25	63.10
Sept	64.30	64.20	63.90	63.40
Dec	64.85	64.70	64.45	63.95
Jan	65.00	—	—	64.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	59.92	60.04	59.60	59.56
March	60.35	60.45	60.02	60.13
May	60.87	60.94	60.55	60.63
July	59.00	59.20	59.00	59.13
Oct	53.45	53.60	53.30	53.72
Dec	52.05	52.55	52.00	52.55
March	53.10	53.10	53.10	53.15

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Dec	29.26	29.34	28.86	28.78
Jan	28.40	28.42	28.06	27.97
Feb	27.74	27.80	27.45	27.40
March	27.25	27.30	27.02	26.93
April	26.80	26.80	26.67	26.55
May	26.49	26.42	26.25	26.18
June	26.05	26.05	25.91	25.81
July	26.00	25.85	25.66	25.52
August	25.50	25.49	25.49	25.36

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	326.3	326.2	325.5	327.2
Nov	327.0	—	—	328.2
Dec	329.0	330.3	328.0	330.1
Feb	333.2	334.3	332.5	334.3
April	337.3	338.7	336.5	338.4
June	341.7	343.2	341.4	342.8
August	346.3	346.4	345.7	347.3
Oct	351.1	351.0	350.7	352.1
Dec	355.9	356.0	355.0	356.9
Feb	361.0	—	—	362.0
April	366.3	—	—	367.3
June	372.0	—	—	372.9
August	378.6	—	—	378.7

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	84.85	85.00	83.60	83.20
Dec	85.05	85.15	83.55	83.21
Jan	84.90	84.97	83.50	83.19
Feb	83.55	83.70	82.40	82.19
March	79.25	79.25	78.20	78.10
April	75.65	76.00	75.00	74.85
May	73.00	73.00	72.50	72.50

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	117.25	118.20	117.10	118.30
Jan	117.20	117.95	116.60	117.40
March	116.86	117.85	116.20	116.60
May	116.65	117.00	115.25	115.50
July	114.60	114.60	114.60	114.00
Sept	113.25	113.00	113.00	112.00
Nov	113.25	—	—	112.00
Jan	113.25	—	—	112.00
March	113.75	113.50	113.50	112.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	338.1	340.0	333.0	333.3
Jan	340.1	342.5	337.5	337.3
April	341.6	345.0	339.0	340.3
July	344.1	347.0	345.0	343.7
Oct	348.0	350.0	347.0	347.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	617.1	617.5	615.5	620.6
Nov	618.5	—	—	622.0
Dec	622.5	627.0	621.0	626.3
Jan	626.9	630.0	630.0	630.7
March	635.2	639.5	634.0	639 0
May	643.9	647.0	645.0	647.7
July	653.1	655.0	653.0	656.9
Sept	663.0	668.0	664.5	666.8
Dec	678.1	680.0	679.0	681.9
Jan	683.4	—	—	687.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	4.99	5.10	5.05	5.04
March	5.41	5.62	5.40	5.49
May	5.59	5.77	5.58	5.65
July	5.77	5.93	5.77	5.80
Oct	6.09	6.27	6.09	6.18
Jan	6.48	—	—	6 57
March	6.68	—	—	6.77

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	65.62	65.75	65.15	65.87
Feb	62.46	62.60	62.05	62.72
April	61.70	61.90	61 37	61.92
June	61.67	61.75	61.32	61.87
Aug.	59.80	59.90	59.60	59 85
Oct	58.65	58.90	58.50	58.55
Dec	60.05	60.20	60.05	60.10

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	46.75	46.90	46.32	46.95
Feb	45.60	45.80	45.20	45.75
April	41.27	41.60	41.05	41.42
June	43.50	43.75	43.25	43.52
July	44.35	44.37	44.05	44.40
Aug	43.00	4.30	42.80	43.25
Oct	40.10	40.25	40.10	40.15
Dec	41.45	—	—	41.15
Feb	40.50	40.50	40.50	40.50

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	222.2	224.2	222 0	225 0
March	234.4	236.4	234.4	237.0
May	240.4	242.2	240.4	243.0
July	242.4	244.6	242.4	245.4
Sept	229.4	231.6	229.4	232.4
Dec	225.4	227 6	225.4	228.0
March	235.0	236.0	235.0	237.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	64.10	65.00	63.60	65.35
March	64.27	65.25	63.85	65.60
May	65.40	65.80	64.95	66.60
July	65.32	65.90	64.60	66.47
Aug	63.05	63.90	62.60	64.40

SOYABEANS 5,000 bu min, cents/lb-bushel

	Close	High	Low	Prev
Nov	504.6	508.4	504.4	509 2
Jan	518.0	521.4	518.0	522.2
March	531.0	535.0	530.4	535.6
May	541.4	545.0	541.4	545.2
July	549.0	552.2	549.0	553.0
Aug	548.0	551.4	548.0	551.4
Sept	534.0	538.0	534.0	537.4
Nov	532.4	535.4	532.4	535.6
Jan	544.0	—	—	547.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	143.6	144.8	143.5	144.3
Jan	144.9	145.8	144.6	145.5
March	146.9	147.8	146.8	147.4
May	148.3	149.3	148.1	148.8
July	150.5	150.5	150.0	151.0
Aug	150.0	150.5	149.5	150.5
Sept	149.5	150.0	149.0	150.5
Dec	148.5	149.5	148.5	149 0
Jan	148.5	150.0	148.0	150.0

SOYABEAN OIL 60,000lb, cents/lb

	Close	High	Low	Prev
Dec	19.48	19.84	19.48	19.79
Jan	19.65	20.02	19.65	19.97
March	20.03	20.38	20.01	20.42
May	20.40	20.80	20.40	20.78
July	20.75	21.10	20.75	21.08
Aug	30.90	21.15	20.90	21.20
Sept	20.67	20.95	20.57	20.90
Oct	20.38	20.60	20.35	20.60
Dec	20.42	20.57	20.40	20.60

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	316.6	316.6	316.0	318.2
March	322.4	325.0	322.0	323.6
May	310.6	313.0	310.2	311.4
July	288.2	290.4	288.0	288.4
Sept	290.4	292.0	290.4	290.6
Dec	301.0	301.0	301.0	301.4

SPOT PRICES—Chicago loose lard 15.50 (15.00) cents per pound. New York tin 560 0-64.0 -(561.0-63 0) cents per pound. Handy and Harman silver bullion 616.0 (619.5) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention threat dominates

The dollar failed to react to yesterday's U.S. economic data and remained within its recent narrow trading range on the foreign exchanges. The dollar's failure to move above DM 2.65 on Tuesday tended to underline recent sentiment suggesting the currency is likely to find a lower range within the fairly near future and remains particularly vulnerable to stronger intervention by the central banks.

The German Bundesbank was not seen on the open market, and dollar sales by the Bank of Japan were small, as the central banks appear reluctant to provide easy profits for speculators running short dollar positions. But the visit of Mr Yasuhiro Nakasone, the Japanese Prime Minister, to the U.S. this week, as well as a further meeting of ministers from the Group of Five major industrial nations, in New York, suggests to the market that the central banks will move to push the dollar lower at the end of this week or beginning of next.

There was no reaction to the rise of 0.2 per cent in September U.S. retail prices, bringing inflation down to 3.2 per cent from 3.4 per cent, while the durable goods orders for the same month were confusing and also had little impact.

After a quiet day the dollar fell to DM 2.6380 from DM 2.6405; FFr 8.04 from FFr 8.0475; SwFr 2.1640 from SwFr 2.1660; and Y215.75 from Y215.80.

On Bank of England figures the dollar's index rose to 130.8 from 130.7.

STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.0525. September average 1.3657. Exchange rate index rose 0.1 to 81.1, compared with 78.8 six months ago. The index opened unchanged at 80.0, and remained at that level throughout except at 2 pm and the close.

£ IN NEW YORK

	Oct. 23	Prev. close
£ Spot	$1.4330-1.4340	$1.4270-4280
1 month	0.45-0.45 pm	0.45-0.43 pm
3 months	1.20-1.16 pm	1.20-1.16 pm
12 months	3.40-3.30 pm	3.40-3.30 pm

Forward premiums and discounts apply to the U.S. dollar

Sterling tended to move in line with the dollar, gaining 10 points to $1.4335-$1.4345, but declining in very quiet trade against Continental currencies. The pound fell to DM 3.7825 from DM 3.7850; FFr 11.53 from FFr 11.5325; and SwFr 3.1025 from SwFr 3.1050, but rose to Y309.50 from Y309.25. High London interest rates continued to support sterling, but the currency was generally on the sidelines, generating very little attention.

DEUTSCHE MARK — Trading range against the dolar in 1985 is 3.4510 to 2.6190. September average 2.8370. Exchange rate index 127.9 against 122.1 six months ago.

The Deutsche Mark showed little change against the dollar, as the U.S. currency traded quietly within its recent range. Commercial demand supported the dollar, but fear of central bank intervention prevented a strong rise. There was no sign of activity by the Bundesbank in the open market, but the central bank maintained its presence by selling $11.4m when the dollar was fixed at DM 2.6372 in Frankfurt, compared with DM 2.6410 previously. Signs that economic data are playing a smaller role in determining the dollar's value came when the currency failed to react to an unexpected fall in September durable goods orders. The threat of intervention remained the dominant factor. No change is expected in German monetary policy at today's Bundesbank central council meeting in West Berlin. The dollar closed at DM 2.6390, compared with DM 2.64075 on Tuesday.

POUND SPOT—FORWARD AGAINST POUND

October 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4320-1.4355	1.4335-1.4345	0.44-0.41c pm	3.56	1.23-1.18pm	3.36
Canada	1.9540-1.9581	1.9540-1.9570	0.55-0.45c pm	3.07	1.50-1.35pm	2.91
Nethlnd.	4.25½-4.27½	4.26½-4.27½	2¼-2c pm	5.90	6½-5⅞pm	5.62
Belgium	76.48-76.78	76.60-76.70	21-16c pm	2.90	59-50pm	2.85
Denmark	13.69-13.73½	13.70½-13.71½	2¼-1¾ore pm	1.97	9¼-8pm	2.52
Ireland	1.2180-1.2217	1.2205-1.2215	0.25-0.12p pm	1.82	0.69-0.33pm	1.67
W. Ger.	3.77-3.78¾	3.77¾-3.78¾	2¼-2⅛pf pm	6.94	6½-6¼pm	6.81
Portugal	231¼-235¼	232-235	30-325c dis	−9.10	370-1375dis	−14.91
Spain	229½-231½	231-231½	par-35c dis	−0.91	105-200dis	−2.64
Italy	2,545¾-2,557¼	2,552-2,553	2-6 lire dis	−1.88	9-15dis	−1.88
Norway	11.34-11.36½	11.34¾-11.35¾	¼-1¼ore dis	−0.79	2¼-3¼dis	−0.95
France	11.50¼-11.54¼	11.52½-11.53½	2½-2c pm	2.34	6-5½pm	1.99
Sweden	11.36½-11.39¾	11.37-11.38	3¾-4⅝ore dis	−4.35	9½-10½dis	−3.49
Japan	308¾-310	309-310	1.40-1.28y pm	5.19	3.92-3.74pm	4.95
Austria	26.54-26.81	26.55-26.61	14¾-13gro pm	6.26	38½-34¼pm	5.47
Switz.	3.09¼-3.11	3.09¾-3.10¾	2-1⅞c pm	7.49	5½-5⅛pm	6.93

Belgian rate is for convertible francs. Financial franc 77.30-77.40. Six-month forward dollar 2.15-2.10c pm. 12-month 3.45-3.30c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

October 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4320-1.4355	1.4335-1.4345	0.44-0.41c pm	3.58	1.23-1.18pm	3.36
Ireland†	1.1735-1.1778	1.1745-1.1753	0.22-0.12c pm	1.74	0.65-0.35pm	1.70
Canada	1.3633-1.3645	1.3635-1.3645	0.04-0.07c dis	−0.48	0.13-0.18dis	−0.45
Nethlnd.	2.9600-2.9850	2.9770-2.9780	0.53-0.51c pm	2.10	1.65-1.62pm	2.20
Belgium	53.26-53.60	53.40-53.50	2-3c dis	−0.56	6-8dis	−0.52
Denmark	9.53¾-9.57½	9.56¾-9.56¼	1-1½ore dis	−1.57	1¾-2¼dis	−0.84
W. Ger.	2.6280-2.6410	2.6375-2.6385	0.82-0.77pf pm	3.62	2.31-2.26pm	3.47
Portugal	162¾-164	163-164	75-275c dis	−12.84	400-1100dis	−18.35
Spain	160.85-161.35	161.10-161.30	50-70c dis	−4.47	200-275dis	−5.90
Italy	1,777-1,781	1,779½-1,780½	7-8 lire dis	−5.06	22-23½dis	−5.12
Norway	7.89¾-7.92¾	7.91-7.91½	2½-3ore dis	−4.17	8¼-8¾dis	−4.30
France	8.02-8.05	8.03¾-8.04¼	0.65-0.75c dis	−1.06	2.60-2.90dis	−1.37
Sweden	7.92-7.94¼	7.93-7.93½	5-5½ore dis	−7.94	13½-14dis	−6.93
Japan	215.10-215.90	215.70-215.80	0.30-0.27y pm	1.59	0.89-0.85pm	1.61
Austria	18.48¾-18.56¼	18.49-18.53	4¼-3¾gro pm	2.59	12¾-9¾pm	2.38
Switz.	2.1525-2.1700	2.1635-2.1645	0.77-0.72c pm	4.14	2.05-2.00pm	3.75

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.90-54.00.

EXCHANGE CROSS RATES

Oct. 23	£	$	DM	YEN	F Fr.	S Fr.	H FL.	Lira	C $	B Fr.
£	1.	1.434	3.785	309.5	11.53	3.103	4.270	2553.	1.956	76.65
$	0.697	1.	2.638	215.8	8.040	2.164	2.978	1780.	1.364	53.45
DM	0.264	0.379	1.	81.82	3.048	0.820	1.129	674.8	0.517	20.26
YEN	3.231	4.633	12.22	1000.	37.25	10.02	13.80	8247.	6.318	247.7
F Fr.	0.867	1.244	3.281	268.4	10.	2.691	3.703	2214.	1.696	66.48
S Fr.	0.322	0.462	1.219	99.76	3.716	1.	1.376	822.7	0.630	24.71
H FL.	0.234	0.336	0.886	72.46	2.700	0.727	1.	597.8	0.458	17.95
Lira	0.392	0.562	1.482	121.3	4.517	1.216	1.673	1000.	0.766	30.03
C $	0.511	0.733	1.934	158.3	5.896	1.587	2.184	1305.	1.	39.20
B Fr.	1.306	1.871	4.935	403.8	15.04	4.049	5.571	3330.	2.551	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belg Fr. per 100.

EURO-CURRENCY INTEREST RATES

Oct. 23	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅛-11¼	11⅛-11¼	11⅝-11¾	11¾-11⅞	11½-11⅝	11⅜-11½
U.S. Dollar	8¼-8⅜	8¼-8⅜	8⅛-8¼	8⅛-8¼	8⅛-8¼	8⅜-8½
Can Dollar	7¾-8¼	8¼-8⅝	8⅝-8¾	8¾-8⅞	8¾-9	9-9¼
D Guilder	5¾-5⅞	5¾-5⅞	5⅝-5¾	5¾-5⅞	5⅝-5¾	5⅝-5¾
Sw. Franc	1⅝-1¾	10⅛-11⅛	4¼-4⅜	4⅜-4½	4⅜-4½	4⅜-4½
Deutschmark	4⅝-4¾	4½-4⅝	4⅝-4¾	4⅝-4¾	4⅝-4¾	4¾-4⅞
Fr. Franc	9½-9⅝	9½-9⅝	9⅝-9¾	10⅛-10¼	10⅛-10⅜	10⅛-10⅜
Italian Lira	12-14	13½-13¾	13¾-14	13¾-14	13¾-14	13¾-14
B.Fr.(Fin)	8¾-9	8¾-9	8⅞-9⅛	8⅞-9⅛	8⅞-9⅛	8⅞-9⅛
B.Fr.(Con)	8⅞-9⅛	8¾-9	8⅞-9⅛	8¾-9	8⅞-9⅛	8⅞-9⅛
Yen	6⅛-6½	6⅛-6⅜	6⅛-6⅝	6⅝-6⅝	6⅝-6⅝	6⅝-6⅝
D. Krone	9¼-10¼	9½-10	9¼-9¾	9-9½	9-9½	9¼-9¾
Asian $ (Sing)	8-8⅛	8⅛-8¼	8-8⅛	8⅛-8¼	8⅛-8¼	8⅛-8⅝

Long-term Eurodollars: two years 9¼-9½ per cent; three years 9¾-10 per cent; four years 10-10¼ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

Oct. 23	Bank of England Index	Morgan Guaranty Change %
Sterling	81.1	−9.4
U.S. dollar	130.8	+18.8
Canadian dollar	84.2	−8.6
Austrian schilling	118.7	+5.1
Belgian franc	98.0	−9.9
Danish Kroner	81.6	−5.9
Deutsche mark	127.9	+9.8
Swiss franc	151.5	+13.3
Guilder	117.9	+5.2
French franc	68.6	−12.6
Lira	44.7	−18.9
Yen	159.2	+22.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Oct. 23	£	$
Arg'tina	1.1476-1.1500	0.8000-0.8010
Aus'alia	2.0560-2.0590	1.4330-1.4345
Brazil	11,013-11,075	8,305-8,345
Finland	8.1300-8.1355	5.6660-5.6680
Greece	219.62-224.36	153.18-156.38
H'kong	11.1745-11.1955	7.7930-7.7950
Iran	123.50*	86.50*
Kuwait	0.4231-0.4237	0.2952-0.2955
Lux'burg	76.60-76.70	53.40-53.50
Malay'a	3.5310-3.5385	2.4565-2.4590
N'Z'land	2.5430-2.5580	1.7715-1.7810
Saudi Ar.	5.2320-5.2390	3.6505-3.6507
Sin'pore	3.0615-3.0670	2.1353-2.1365
S.Af.(Cm)	3.6740-3.6835	2.5610-2.5675
S.Af.(Fn)	4.7620-4.9470	3.3355-3.4485
U.A.E.	5.2665-5.2715	3.6720-3.6730

* Selling rate.

CURRENCY RATES

Oct. 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.745358	0.584495
U.S. $	7½	1.06617	0.838458
Canadian $	8.55	[illegible]	1.14356
Austria Sch.	4	19.7497	15.5366
Belgian Fr.	9	56.8375	44.8281
Danish Kr.	7	10.1873	8.01943
D mark	4	2.81170	2.21269
Guilder	5	3.17036	2.49726
French Fr.	9½	n/a	6.74539
Lira	15½	1895.48	1491.20
Yen	5	229.920	180.961
Norway Kr.	8	8.43874	6.63397
Spain Pta.	—	171.985	135.301
Swedish Kr.	10½	8.45733	6.65023
Swiss Fr.	4	2.30399	1.81509
Greek Dr'ch	20½	165.198	130.020
Irish Punt	—	0.907765	0.713885

*CS/SDR rate for Oct 17: 1.44982.

FUTURES AND OPTIONS

Prices up then back

Trading went through a hectic period on the London International Futures Exchange yesterday, but prices finished little changed.

December Eurodollars opened at 91.84, but dealers commented that futures prices were at a premium to the cash market, restricting any potential to move higher. The contract traded within a range of 91.78 to 91.88 and closed unchanged on the day at 91.81.

U.S. Treasury bonds for December opened firm at 77-11, supported by the shortage of paper in the cash market, because of the failure of the U.S. Congress to yet raise the Federal debt calling. Tuesday's statement from Mr James Baker, U.S. Treasury Secretary, that the Government will probably not default until mid-November if the ceiling is not raised may mean that Congress delays even longer and the paper shortage becomes even more acute.

But the major factor on the day was the statistics on U.S. consumer prices and durable goods orders in September. The rise of 0.2 per cent in consumer prices, was expected, and brought inflationn down to 3.2 per cent from 3.4 per cent. This had little impact on the market, but the durable goods data were confusing, sending the market much higher, but on closer examination bringing it back again. The September figure fell 1.1 per cent, and although forecasts varied widely, most observers expetced a rise in the region of 1 per cent. The December bond price rose to a peak of 77-25, but then retreated when it was realised that defence orders had fallen by 19.3 per cent, while the figure excluding defence rose by 0.7 per cent.

The contract nfiished at 77-01, almost unchanged from the previous settlement of 77-00.

Sterling dominated ocntracts remainde quiet, apart from some late selling of long gilt futures.

CURRENCY FUTURES

POUND—$ (Foreign Exchange)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4340	1.4298	1.4220	1.4128	1.4003

IMM-STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4270	1.4315	1.4265	1.4250
March	1.4165	1.4200	1.4160	1.4145
June	1.4090	1.4110	1.4090	1.4070

LIFFE-STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4270	1.4286	1.4269	1.4280
March	1.4165	—	—	1.4160
June	1.4090	—	—	1.4085

Estimated volume 37 (434)
Previous day's open int 3,705 (3,513)

LIFFE-DEUTSCHE MARKS DM 125,000 $s per DM

	Close	High	Low	Prev
Dec	4.3810	0.3820	0.3810	0.3809
March	0.3841	—	—	0.3840
June	0.3875	—	—	0.3874

Estimated volume 7 (7)
Previous day's open int 449 (450)

STERLING INDEX

	Oct 23	Previous
8.30 am	81.0	81.1
9.00 am	81.0	81.1
10.00 am	81.0	81.1
11.00 am	81.0	81.1
Noon	81.0	81.1
1.00 pm	81.0	81.1
2.00 pm	81.1	81.1
3.00 pm	81.0	80.9
4.00 pm	81.1	81.0

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.8281	−0.01	+0.68	±1.5425
Danish Krone	8.12857	8.01943	−1.34	−0.65	±1.6421
German D-mark	2.23840	2.21269	−1.15	−0.46	±1.1455
French Franc	6.86402	6.74539	−1.73	−1.04	±1.3854
Dutch Guilder	2.52208	2.49726	−0.90	−0.21	±1.5162
Irish Punt	0.724578	0.713885	−1.48	−0.79	±1.6673
Italian lira	1520.60	1491.20	−1.93	−1.25	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	113-22	114-01	113-23	113-27
March	113-26	—	—	113-29
Sept	113-26	—	—	113-29
Dec	113-26	—	—	113-30

Estimated volume 1,942 (2,549)
Previous day's open int 5,245 (4,857)
Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) −6 to +4 (32nds)

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
Dec	98-29	98-32	98-18	98-21
March	98-33	—	—	98-21

Estimated volume 208 (486)
Previous day's open int 1,770 (1,695)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Dec	88.79	88.80	88.77	88.77
March	89.29	89.33	89.19	89.19
June	89.45	89.45	89.33	89.33
Sept	89.36	89.36	89.26	89.26
Dec	89.27	—	—	89.20

Estimated volume 1,275 (2,098)
Previous day's open int 7,638 (7,475)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	135.80	135.95	134.50	134.05
March	138.80	138.25	138.25	135.05

Estimated volume 332 (388)
Previous day's open int 1,530 (1,480)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	91.81	91.88	91.78	91.81
March	91.51	91.55	91.49	91.50
June	91.16	91.19	91.15	91.15
Sept	90.82	90.86	90.78	90.80
Dec	90.50	90.51	90.51	90.51

Estimated volume 5,150 (2,466)
Previous day's open int 21,352 (21,238)

LIFFE-EURODOLLAR OPTIONS $1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	1.81	1.55	1.36	—	0.00	0.06	0.18	—
90.50	1.31	1.10	0.96	—	0.00	0.09	0.30	—
91.00	0.82	0.71	0.64	—	0.01	0.20	0.48	58
91.50	0.39	0.40	0.36	23	0.08	0.39	0.72	145
92.00	0.12	0.18	0.8	62	—	—	—	—
92.50	—	—	—	—	—	—	—	—
93.00	—	—	—	—	—	—	—	—

Previous day's open int: calls —, puts —

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	23.42	23.42	23.42	—	0.00	0.23	0.84	—
1.25	18.42	18.42	18.42	—	0.01	0.61	1.60	—
1.30	13.42	13.42	13.69	—	0.05	1.37	2.79	2
1.35	8.42	9.34	10.39	—	0.46	2.89	4.49	311
1.40	4.36	6.32	7.64	166	1.65	4.88	6.74	10
1.45	1.24	4.05	5.44	204	4.14	7.49	9.54	2
1.50	0.80	2.44	3.75	15	7.80	10.79	12.85	—

Previous day's open int: calls 5,151, puts 15,734

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	12.60	23.60	23.50	—	0.15	0.50	1.00	—
1.25	18.60	18.90	18.50	—	0.15	0.85	1.70	8
1.30	13.60	13.90	14.20	—	0.35	1.50	2.70	—
1.35	8.70	9.70	10.90	3	0.85	2.70	4.50	543
1.40	4.70	6.80	7.80	156	1.90	4.70	6.90	130
1.45	2.00	4.10	5.70	294	4.40	7.50	9.40	—
1.50	0.80	2.60	4.00	—	8.00	10.60	12.30	—

Previous day's open int: calls 8,492, puts 9,418

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	0.05	—	—	400
1.30	—	—	—	—	0.15	—	—	200
1.35	—	—	—	—	0.50	2.30	—	250
1.40	4.45	6.30	—	238	—	4.50	6.15	251
1.45	1.75	4.00	5	—	—	—	—	—
1.50	0.70	—	—	40	—	—	—	—

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	77-01	77-25	76-30	77-00
March	76-24	76-08	76-08	75-23

Estimated volume 4,791 (1,939)
Previous day's open int 13,040 (3,059)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	77-00	77-15	76-30	77-09
March	75-23	76-07	75-21	76-00
June	74-18	75-02	74-18	74-28
Sept	—	74-00	73-16	73-27
Dec	72-18	73-00	72-18	72-29
March	—	—	—	72-01
June	—	—	—	71-08
Sept	—	—	—	—
Dec	—	—	—	69.29
March	—	—	—	69.11

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.89	92.97	92.88	92.93
March	—	92.68	92.61	92.65
June	92.33	92.33	92.26	92.30
Sept	91.93	92.00	91.93	91.97
Dec	91.63	91.69	91.63	91.67
March	91.37	91.40	91.37	91.39
June	91.13	—	91.13	91.15
Sept	—	—	—	90.94

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.11	92.15	92.11	92.15
March	91.82	—	91.82	91.83
June	91.44	—	91.44	91.45
Sept	—	—	—	91.09

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.81	91.82	91.78	91.83
March	91.50	91.52	91.48	91.51
June	91.13	91.16	91.12	91.14
Sept	—	90.84	90.77	90.79
Dec	90.42	90.49	90.42	90.45
March	90.12	90.16	90.13	90.14
June	89.83	89.86	89.83	89.86
Sept	89.57	89.61	89.57	89.58

MONEY MARKETS

London rates little changed

UK clearing banks base lending rate 11½ per cent since July 30.

Interest rates were little changed on the London money market yesterday. Three-month interbank remained at 11⅝-11¾ per cent and discount houses buying rates for three-month bank bills at 11$\frac{15}{32}$-11$\frac{7}{16}$ per cent.

The Bank of England absorbed most of yesterday's large London money market shortage with an early repurchase agreement, but this did not appear significant for interest rates, since the terms of the agreement were slightly above the equivalent dealing rate for outright purchases.

The Bank of England initially forecast a money market shortage of £1,450m, but revised this to £1,500m at noon, and provided total assistance on the day of £1,513m.

An early round of help was offered and at that time the authorities bought £94m bills outright, by way of £21m bank bills in band 1 (up to 14 days maturity) at 11⅝ per cent; £60m bank bills in band 2 (15-33 days) at 11$\frac{9}{16}$ per cent; and £13m bank bills in band 3 (34-63 days) at 11½ per cent. Another £963m bills were purchased for resale to the market in equal amounts on November 4, 5 and 6 at rates of 11$\frac{23}{32}$-11¾ per cent.

A further £123m bills were bought outright before lunch, through £2m Treasury bills in band 1 and £2m bank bills in band 1 at 11⅝ per cent; £117m bank bills in band 2 at 11$\frac{9}{16}$ per cent; and £2m bank bills in band 3 at 11½ per cent.

In the afternoon the Bank of England purchased £248m bills outright, by way of £10m bank bills in band 1 at 11⅝ per cent; £155m bank bills in band 2 at 11$\frac{9}{16}$ per cent; £50m bank bills in band 3 at 11½ per cent; £20m Treasury bills in band 4 (64-91 days) and £13m bank bills in band 4 at 11$\frac{7}{16}$ per cent.

Late assistance of £85m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £717m, with Exchequer transactions absorbing £535m, a rise in the note circulation £90m and bank balances below target another £120m.

In Frankfurt call money rose to 4.55 per cent from 4.50 per cent as the DM 9.3bn in liquidity from a 29-day securities repurchase agreement failed to fully replace the DM 12.8bn from an expiring agreement. Upward pressure on rates was only moderate, however, and the decision of the Bundesbank to drain DM 3.5bn from the money market was not expected to herald any change in credit policy at today's central bank council meeting.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	8¼
Fed funds at intervention	8¼

Treasury Bills & Bonds

One month	7.19
Two month	7.29
Three month	7.46
Six month	7.76
One year	7.97
Two year	8.82
Three year	9.12
Four year	9.41
Five year	9.63
Seven year	9.98
10 year	10.13
30 year	10.40

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 23)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 3/16	bid 8 5/16	offer 8 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Oct. 23	Ov'r nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'ntion
Frankfurt	4.5-4.6	4.60-4.75	4.6-4.7	4.70-4.85	4.75-4.85	5.5
Paris	9⅛	9⅛-9¼	9⅛-9¼	9⅛-9⅞	9¼-9⅝	9⅛
Zurich	¾-1¼	3⅞-4⅛	—	4⅜-4⅝	—	—
Amsterdam	5¾-5⅞	5⅞-5⅞	—	5⅞-6	5⅞-6	—
Tokyo	6.40625	6.46875	—	6.53125	—	—
Milan	14⅜-14¾	14¼-14⅝	—	14¼-14⅝	—	—
Brussels	8.95	8⅝-8⅞	—	8⅝-8⅞	8¾-9	—
Dublin	10-10¼	9¾-10	9¾-10	9¾-10	9⅞-10⅛	—

LONDON MONEY RATES

Oct. 23	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-11½	11⅛-11¼	11⅝-11¾	11⅝-11¾	11½-11⅝	11⅜-11½
Sterling CDs	—	—	11⅝-11⅞	11⅝-11$\frac{9}{16}$	11$\frac{7}{16}$-11⅜	11¼-11⅛
Local Authority Deps	11¼-11¾	11¼-11⅝	11⅞	11¾	11½	11¼
Local Authority Bonds	—	—	11¾	11¾	11⅝	11⅝
Discount Mkt Depos	10-11⅛	11⅜	11⅝	11⅝-11½	—	—
Company Deps	11-12	11½-11⅞	11¾-11⅞	11⅞	11⅝	11¼
Finance Hse Deps	—	—	11⅝	11⅞	—	—
Treasury Bills (Buy)	—	—	11⅜	11$\frac{11}{32}$	—	—
Bank Bills (Buy)	—	—	11⅝	11$\frac{15}{32}$-11$\frac{7}{16}$	—	—
Fine Trade Bills (Buy)	—	—	11$\frac{7}{8}$	11¾	11½	—
Dollar CDs	—	—	7.85-7.95	7.95-8.00	8.10-8.15	8.3-8.4
SDR Linked Depos	—	—	7⅛-7½	7⅛-7⅞	7⅞-8⅛	8¼-8⅝
ECU Linked Depos	—	—	8-8¼	8⅛-8⅜	8⅛-8⅜	8⅛-8⅜

Treasury Bills (sell): one-month 11⅛ per cent; three-month 11⅛ per cent. Bank bills (sell): one-month 11⅝ per cent; three-month 11$\frac{7}{16}$ per cent. Treasury Bills: Average tender rate of discount 11.0962 per cent. ECGD Fixed Finance IV: September 4 to October 1 (inclusive): 11.597 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from October 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¼ per cent; one-three months 11¼ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10¼ per cent from October 2. Deposits held under Series 5 11 per cent. Deposits withdrawn for cash 7½ per cent.

Company Notices

PORTS AUTONOMES
BORDEAUX - DUNKERQUE
LE HAVRE - MARSEILLE
NANTES - SAINT-NAZAIRE
PARIS

Public corporations of the French State incorporated in accordance with the laws dated June 29 1965 and October 28 1968

9% Bonds 1976-1991 of US$1,000 each

NUMERICAL LIST
1° of the series including the 4,000 bonds drawn at the fourth drawing by lot on October 11 1985 and representing the entire annuity of US$4,000,000 to be redeemed on November 15 1985:
1.331 to 2.060
6.061 to 7.128
11.129 to 13.330
2° of the series previously called for redemption including securities not yet presented for redemption:
Drawing on October 12 1984
Reimbursement November 15 1984
2.061 to 6.060

These bonds will be redeemable at US$1,000 at FRENCH AMERICAN BANKING CORPORATION in NEW YORK and at the offices of the following Establishments:
—BANQUE NATIONALE DE PARIS—PARIS
—BANQUE BRUXELLES LAMBERT—BRUXELLES
—BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.—LUXEMBOURG
—BANQUE INTERNATIONALE à LUXEMBOURG—LUXEMBOURG
—BANQUE PARIBAS—PARIS
—CREDIT LYONNAIS—PARIS
—DEUTSCHE BANK AKTIENGESELLSCHAFT — FRANCFORT-SUR-LE-MAIN
—SOCIETE GENERALE—PARIS
—SWISS BANK CORPORATION — BALE
Outstanding amount: US$24,000,000

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)
CANADIAN PACIFIC LIMITED PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK
NEW BRUNSWICK RAILWAY COMPANY 4% DEBENTURE STOCK
CALGARY & EDMONTON RAILWAY COMPANY 4% DEBENTURE STOCK

In preparation for the payment of the half-yearly interest due January 1 1986 on the above Stocks, the transfer books will be CLOSED at 3.30 p.m. on November 29 1985 and will be re-opened on January 2 1986.

W. E. REEVE.
Deputy Secretary

50 Finsbury Square,
London, EC2A 1DD.
October 24 1985.

THE ENGLISH ELECTRIC COMPANY LIMITED
6% Debenture Stock 1980/85

The Register of Stockholders of the above mentioned stock will be closed from the 1st November, 1985 to the 30th November, 1985 both days inclusive for the preparation of interest and capital repayment warrants dated the 30th November, 1985.

By Order of the Board
N. C. PORTER.
Secretary

Legal Notices

No. 150 of 1985
THE BANKRUPTCY ACTS
1914 AND 1926

IN THE CROYDON COUNTY COURT. IN BANKRUPTCY: Re: GOLECHHA, Ummed Chand of Ummed Villa, Birch Lane, Purley, Surrey, Company Director.
Receiving Order: 24 September, 1985.
Order of Adjudication:
FIRST MEETING OF CREDITORS:
Date: 8 November 1985. Time: 12.00 noon.
Place: Official Receiver's Office, 6th Floor Sunley House, Bedford Park, Croydon CR9 1TX.
PUBLIC EXAMINATION:
Date: 19 December 1985. Time: 10.30 a.m.
Place: County Court, Law Courts, Barclay Road, Croydon, Surrey.
NOTE: All debts due to the estate should be paid to me.

A. L. G. BILLING
Official Receiver
Tel: 01-681 5166

Dated: 18 October 1985.

Art Galleries

RICHARD GREEN, 4 New Bond Street, W1. 493 3939. BRITISH MARINE PAINTINGS, Daily 10-6, Sats 9.30-12.00.

THACKERAY GALLERY, 18 Thackeray Street, W8. 937 5883. ALBERTO MORROCCO. Until 8 Nov.

Personal

THE MARRIAGE BUREAU (Heather Jenner). 124, New Bond Street, W1. 01-629 9634. (Est. 1939.)

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Commercial & Industrial Property	10.50	35.50
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Business for Sale/Wanted	10.50	35.50
Personal	8.00	27.00
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Classified Advertisement Manager
Financial Times, 10 Cannon Street, London EC4P 4BY

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	99	Exch. 12½pc 1985	100			
101	99	Exch 11¾pc 86	100		11 74	11 20
99¼	97	Treas 10pcCnv 1986	99		10 05	11 05
96½	92¼	Treas 3pc 1986	96		3 12	10 03
100	97	Exch 10½pc Cv '86	99		10 52	10 95
101	99¼	Treas 12pc 1986	100		11 94	11 05
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

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[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

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[illegible]

LOANS

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[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
22	11	Amer Medical Int $1	13		72c		3 8
20	14	American T & T $1	14		$1 20		6 0
79	61¼	Ameritech $1	62¼	+½	$6 60		7 6
25	15	Amdahl	15		$1 44		6 5
47p	20	Arvin Technll	20½p				
[illegible]							

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
132	58½	BM Group 10p	130		1 32	◆	1 5	◆
170	120	Babcock Intl	150		8 0	1 7	7 6	(9 3)
26¼	13¾	Bailey (C H)	18	+1				
220	160	Baker Perkins 50p	202	–1	6 75	2 6	4 8	11 0
140	55	Banro Inds 20p	138		5 5	2 6	5 7	9 3
[illegible]								

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
69	53	Stakis 10p	65		1 0	2 8	2 2	19 3
161	119	Trusthouse Forte	141	+1	4 74	1 7	4 8	15 1

INDUSTRIALS (Miscel.)

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
176	119	AAH	168	–1	6 79	1 8	5 9	13 3
£13¼	925	AGA AB K25	£12¼	+¼		2 4	1 3	16 5
255	175	AGB Research 10p	290	+3	6 5	1 1	4 0	(31 0)
124	92	AIM 10p	104	–1	6 75	1 5	7 9	11 7
[illegible]								

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Macellan (P & W) 20p	45		†1.7	2.3	5.4	9.3
77	46	Magnolia Group	74		2.6	3.0	5.0	9.0
48	28	♦Mammoet Hldgs 10p	42					
480	202	Man. Ship Can. £1	465	+5				♦
104	70	Marley	88		5.5	3.5	1.7	24.4
107	52	Marling Ind. 10p	85		3.75	2.2	6.1	10.6
82	36	Marshall Cav. 'A'	72		†1.5	5.1	2.5	10.8
77	55	Marshall's Universal	58		†2.4	4.9	4.8	5.2
86	78	Do. 7½pc CnRedPf £1	82	–1	†2.0	1.4	5.0	(18.2)
£99	£81	♥Mathesons	£99				13.1	
35	15	♦Maxiprint 1p	15				18.0	
530	375	Metal Box £1	510		17.25	3.1	4.8	7.7
170	110	Metal Closures	119	–3	6.7	2.0	8.0	7.4
17	3	♦Metal Sciences	6½					
104	63	♦Midland Marts	77		4.0	2.1	7.5	9.1
	55½	♦Mitchell Cotts	68	+½	4.25	♦	9.3	♦
230	182	Morgan Crucible	205	+3	†8.0	1.6	5.7	14.0
33	22	♦Morris (W.F.) A 20p	27	+2	0.5	♦	2.6	♦
131	91	Moss (Robt.) 10p	126		3.0	2.5	3.4	13.9
81	60	Myson Grp 10p	60	–1	u2.5	3.4	6.1	11.2
328	214	♦NMW Computers	260xd		†4.8	2.7	2.6	20.0
43	28	Nash Inds	30		‡2.5	1.5	‡	6.9
48	16	Neil & Spencer 10p	18		♦–		–	5.4
44		♦Newman Inds. 10p	29xd					
46	26	Nolton	45	+2	2.0	3	1.5	(13.7)
196	146	Norcros	190	–3	11.17	♦	3.7	♦
67	45	Nu-Swift 5p	49xd		8.6	2.2	6.5	9.5
114	68	Oakwood Grp.	105		†3.0	1.9	8.7	7.9
250	150	Office & Elect.	215	–5	†9.5	1.4	6.1	(15.4)
108	75	Oldacre 20p	95		†7.5	2.6	5.1	10.9
58	37	♦Optometrics $0.01	40	–1	4.0	2.6	6.0	8.4
495	312½	Oriflame £1	450			–	3.9	
18	8	Overstone 12½p	8	–1	†23.4	1.8	5.2	10.7
£192	£158	Ozalid 9pc Cnv 87-92	£187			1.9	10.5	5.0
185	105	♦PCT Grp 10p	185			–	14.9	–
£114	850	PLM 'B' Sk 25	875		3.2	2.2	6.4	12.7
193	125	PSM Intl	127	+2		5.0	5.3	37.9

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
210	177	♦Central TV N V 50p	205		10.5	2.3		
235	170	Chrysalis	230		5.6	2.6		
52	7	♦Entertain Prod 5p	15			2.1		
78	50	Fairline Boats 10p	74	+1	†2.63	2.6		
391	228	First Leisure £1	387	–2	†6.5	2.8		
69	51	GRA Group 5p	61	–½				
32	25	Grampian TV A 10p	30		h1.67	♦		
167	117	HTV Non Vtg.	152xd		7.7	♦		
148	78	Horizon	87		4.4	3.0		
184	90	Insight	164	+2	♦12.5	6.5		
140	102	Intnl Leisure 10p	117	–3	4.8	3.1		
232	115	Juliana's Hldgs 2p	127xd		†2.0	1.8		
300	217	LWT	282		14.4	2.3		
38	25	♦Leisure Inv 10p	34					
65	53	Leisuretime Intl 10p	54	–1	1.21	3.9		
115	98	♦Lewmar	111		u2.63	3.0		
183	153	♦Media Tech Intl 20p	165	–2	u2.58	5.4		
205	124	Medminster 10p	165		5.35	♦		
280	175	♦Mrs. World 10p	240		3.6	4.1		
127½	70	Nationwide Leisure	74		t3.75	2.5		
39	14½	♦Niagara Intl 20c	15½					
27	19½	♦Owners Abroad	22½		1.0	2.2		
53	38	Photax (Lon.)	44					
24½	19½	♦P'dilly Radio NV 5p	19½		1.87	1.1		
90	30	♦Pineapple Dnc St 10p	52		0.5	1.2		
316	183	Pleasurama 5p	316		†4.6	3.7		
153	109	Do. 7pcCvCnvRedPf	153	+2	7%			
96	77½	♦Pres. Entertain 50p	87½xd		N2.0	2.1		
65	18	♦Radio City 'A' NV	28		‡5.6	0.9		
55	40	♦Radio Clyde N-V	40		3.25	2.0		
63	34	Riley Leisure 10p	42		20.7			
193	143	Saga Hols 20p	180		†4.0	2.1		
300	108	Samuelson Grp 20p	295xd		1.8	6.0		
42	25	♦Sangers Photo 10p	33	+1	2.0	1.9		
202	138	♦Scantro 50p	143	–2	q3.68	2.6		
159	128	Scot. TV 'A' 10p	158		18.8	2.8		

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NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
120	50	♥Colby Res Corp.	50				
550	225	Cons. Murch. 10c	225		q086½c	3.9	10.0
40	24	♦Ennex Int Ir10p	30		–	–	–
123	93	Greenwich Res	98	–2	–	–	–
215	115	Hampton Areas 10p	127	–1	3.75	0.9	4.0
260	135	♥Highwood Res.	150	–5	–	–	–
£22½	£16¼	Homestake Mining $1	£16¼	–¾	020c	–	0.9
310	155	♥McFinley Red Lake	260	+30	–	–	–
335	195	♥Mesto Explorations	230	+5	–	–	–
55	23	♥New Sabina Res C$1	42	+2	–	–	–
375	195	Northgate C$1	200		–	–	–
686	530	RTZ	547	+12	†20.0	2.8	5.3
£145½	£116½	Do. 9½pcLn '95-2000	£124	+1	Q9½%	14.0	7.8
980	910	♥Tara Expln $1	925	+13	–	–	–

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ◆ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ▲ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ¢ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98		Arnotts	210	
Craig & Rose £1	700		CPI Hldgs.	63	
Finlay Pkg. 5p	54		Carrol Inds.	140	
Higsons Brew	235		Dublin Gas.	85	+8
Holt (Jos) 25p	715xd		Hall (R. & H.)	59	
IoM Stm. £1	87		Heiton Hldgs.	24	+2
IRISH			Irish Ropes	45	
Fund 11¾% 1988	£101½		Unidare	108	
Nat. 9¾% 84-89	£97½		For Jacob (W. & R.) see Foods		
Fin. 13% 97-02	£108¼				

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Shares regain their upward momentum and two main indices achieve closing records

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 14	Oct 24	Oct 25	Nov 4
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities regained their upward momentum in fine style yesterday. Late in the session many stocks established all-time peaks and the *FT Ordinary* Share Index surpassed its previous record to close 10.3 up at a best-ever 1051.3. The FT-SE 100-Share Index *achieved* a similar landmark and settled 14.9 higher at 1,346.4.

From the outset of business, *the market seemed destined to* impress. A carry-over of institutional and other buying orders received late on Tuesday soon cleared *the uncertainty* which had prevailed over the two previous sessions. Concern subsided over leader ICI's third-quarter figures, due to be announced today, and the share price made headway despite the inhibiting influence of a firm sterling exchange rate.

OPEC predictions of more stable prices next year encouraged a technical recovery in the oil sector, while Store retailers responded to early hopes of a record Christmas spending spree. Bid fervour began to increase again following news of the **BET** *counter-offer for SGB, but the* biggest boost to market confidence came through sustained support for a whole range of *second-line issues. Some institu*tions were said to have diverted funds to these stocks because of the current availability of many leading industrials.

U.S. hints of a fall in short-term interest rates were another encouragement, although few traders expected any immediate change in current UK levels. Latest American economic pointers were disappointing but news of an unexpected fall in September durable goods orders made little impact on either New York or London Market sentiment.

Government bonds were overshadowed but both the shorts and longs made limited improvements. The level of business suggested that investors were not only awaiting a new domestic incentive but also the outcome of the industrial summit meetings which begin in Washington today. Index-linked Gilts quietly extended the previous day's rally to close with marginal gains of ⅛.

Clearers rally

The clearing banks regained composure after Tuesday's nervousness on wild rumours that Lloyds had incurred further losses in Hong Kong. **Lloyds**, at 452p, retrieved the previous day's fall of 12, while **NatWest** finished 13 better at 703p. **Barclays** and **Midland** rose 6 and 8 respectively to the common level of 423p. Elsewhere, **Royal Bank of Scotland** were marked up 2 to 286p following the disclosure that the Kuwait Investment Office had increased its stake in the group to nearly 8½ per cent. Discount Houses were featured by a fall of 4 to 38p in Clive, deflecting the gloomy interim statement, while **Gerrard and National** held the overnight level of 318p after its mid-term report. Among merchant banks, **Hambros**, recently the subject of talk of a bid from either Goldman Sachs or Bats, revived with a rise of 8 to 168p.

Abbey Life remained a friendless market in Insurance and fell 9 further to a 1985 low of 220p following adverse comment on *the interim results. Elsewhere,* Composites moved forward on revived takeover speculation. Perennial favourite **Commercial Union** *moved up 4 to 254p, while* **General Accident** appreciated 8 to 663p as did **GRE**, to 693p.

Breweries continued to trade in subdued *fashion. Sporadic* interest was evident after the official close, but leading counters still finished a shade easier for choice. **Bass** provided a noteworthy exception as a squeeze on bear positions prompted a gain of 10 to 628p.

SGB were the focal point in the Building sector and advanced smartly to 266p up 40, on the share exchange counter offer from **BET**: the latter closed 2 cheaper at 388p, which makes the bid worth 252½p per share. Elsewhere, better-than-expected interim figures left **F. J. C. Lilley** 6 to the good at 72p, while demand ahead of the preliminary results, due next month, prompted a gain of 14 to 258p in *Gleeson.* **RMC** edged up 4 more to a new peak of 458p along with **Blue Circle**, 3 firmer at 568p.

ICI traded on a firmer note at *65p, up 8. Occasional support* left **Allied Colloids** 5 up at 140p and **Reabrook** a similar amount hihger at 73p.

Stores buoyant

Leading Retailers made pro*gress across a broad front* as investors cast aside recent worries concerning retail sales volume and took a bullish view *of prospects for Christmas spend*ing. **Burton** and **Woolworth** rose 7 and 8 respectively to the common level of 530p, the latter in *front of another series of pre*sentations to leading brokers. **Marks and Spencer**, 3 dearer at 171p, improved ahead of next Tuesday's half-timer, while a chart "buy" signal lifted **W. H. Smith A** 8 to 266p. Activity among secondary Stores was highlighted by **Etam** which revealed substantially increased mid-term profits and touched 226p before settling 6 higher on balance at 222p. **Bremner** put on 4 to 58p, after 60p, as the company's offere for Phillips Patents was declared unconditional. Other notable firm spots included **Home Charm**, 10 up at 319p, **James Beattie A**, 4 to the good at 85p, and **Goldsmiths** which rallied 7 to 167p. Mail-orders returned to favour although gains were sometimes exaggerated by stock shortage: **Freemans**, 338p, and **Grattan**, 322p, advanced 14 and 12 respectively, while **Empire** closed 8 higher at 162p.

Modest gains were the order of the day among Electrical leaders after another quiet session. The recently beleaguered **STC** rallied 2 to 76p following publicity given to a broker's optimistic review. Elsewhere, **International Siganl and Control** put on 7 to 330p and **Ferranti** appreciated 4 at 122p. Buying on recovery hopes helped **Apricot Computers** add 5 to 72p while **Cambridge** put on 10 to 205p. **Unitech** retrieved 7 at 180p, but **Klark-Teknik** fell 8 to 97p following profit-taking in the wake of the results.

With the exception of **Hawker**, 6 better at 403p on sporadic support, leading Engineerings showed little alteration. Secondary issues presented a mixed appearance. **APV** continued to make headway at 275p, up 12, following the recent sale by Regis Paper of its holding in the company. **ML Holdings** firmed 9 further to 313p and **Sothert and Pitt** rallied 6 more to 140p. **Westland**, in contrast fell 5 to 78p as hopes of Government aid faded. **Clayton Son**, a good market of late, ran into profit-taking and closed 4 cheaper at 136p; the interim figures are due tomorrow.

Investors returned for leading Foods. **Tate and Lyle** moved up 5 to 498p and **Cadbury Schweppes** put on 2 to 152p as did **Associated Dairies** to 142p. Elsewhere **Nurdin and Peacock** attracted renewed support on revived takeover hopes and closed 8 to the good at 158p, while **AB Foods** continued to reflect a recent broker's circular and rose 6 afresh to 252p. **Albert Fisher** firmed 4 to 136p in reply to Press comment. Comment on the group's recent expansion moves in the wake of its agreed bid for **Pyke**, left **Hillsdown** 8 dearer at 183p; Pyke rose 10 more for a two-day advance of 32 at 380p. Against the trend, **Somportex**, recently favoured on asset injec*tion hopes, relinquished 6 to* 128p.

Boots good

Leading miscellaneous industrials traded on a quietly-firm note, but **Boots** featured a rise of *9 to 209p in line with* a particularly good Store sector. Elsewhere, **Wolsely-Hughes** higher still following comment on the *preliminary figures to close* 26 up for a two-day gain of 45 to 463p. **Hunting Associated** responded to the increased *interim dividend and profits with* a rise of 9 to 234p, while favourable Press mention prompted an improvement of 12 to 296p in **Eastern Produce**. Renewed investment support lifted **Rank** *Organisation 13* to 450p and speculative demand left **Aaronson** 4 to the good at 101p, after 105p. Further persistent buying *on continued takeover hopes* prompted a rise of 4½ to 151p, after 153½p in **European Ferries**. **William Morris Fine Arts** picked *up a couple of pence at 27* following the previous day's setback on the poor interim figures, while **Cookson** continued firmly *at 320p*, up 8. **Hepworth Ceramic** edged up 5 to 166p and **LRC** 4 to 146p. Dealings in **Wolverhampton Steam Laundry** were temporarily suspended at 85p: the company announced that it is negotiating terms with a view to agreeing conditionally to acquire The Schools Abroad group of companies. Late demand left **United Parcels** 8 firmer at 113p.

Jaguar highlighted an otherwise uneventful session in Motors, *rising 6 to 305p, after* 307p, as the company confirmed its intention to seek an over-the-counter listing in the U.S. *through* NASDAQ.

Estate agents **Connells** stood out in Properties with a rise of 15 to a 1985 peak of 165p prior *to the announcement that* **Legal and General** had acquired an 8 per cent stake in the company. **Bairstow Eves**, recently the sub*ject of strong rumours* of a possible bid from either Lloyds Bank or Hambros, touched 114p before closing unaltered at the overnight level of 113p. Elsewhere, **Compco** put on 10 to 385p and **United Real** 20 to 590p.

Shippings again featured **British and Commonwealth**, finally 8 to the good at 338p awaiting today's interim results: associate **Caledonia Investments** rose 13 to 315p. **Ocean Transport** hardened 5 to 193p, partly reflecting the purchase of Palm Line from Unilever.

BP advance

The leading oils attracted a fair measure of support as spot oil prices improved following remarks by the OPEC chairman Doctor Subroto that oil prices should remain stable for the rest of the current year. **BP** were outstanding in the top quality issues and settled 13 higher at 563p while **Britoil** were popular and edged up 3 to 213p with the partly-paid shares finally 5 better at 130p; Britoil is thought to be seeking an ADR facility. **Burmah** initially rose to 310p but subsequent profit-taking left the shares only 2 up on balance at 306p. **IC Gas** gained 8 to 323p. Among the second-line oils **Invent Energy** advanced £1¼ to a record £17¾ following the sharply higher quarterly results announced at the annual meeting and ahead of today's subdivision of the shares from 25p to 5p. Elsewhere, **Norsk Hydro** improved ⅜ to £12¼ following the quarterly figures, while Australia's **Oil Search** jumped 5 to 50p awaiting the results of testing of the Mananda 3 well in Papua New Guinea.

Lonrho, relatively neglected in *recent weeks,* advanced 6 to 155p, after 156p amid strong rumours that Gulf Fisheries had disposed of its substantial hold*ing in the company.* Elsewhere among Overseas Traders, **REA** dipped a few pence to 233p following the interim profits setback, but **Harrisons and Crosfield**, depressed of late by a disappointing first-half statement, rallied 13 to 363p.

Golds steadier

A strong rally by the Financial Rand *against the dollar helped* to arrest the recent steep falls in South African gold and related issues, but the sector *remained extremely sensitive*. Overnight U.S. selling caused London dealers to mark prices lower at the outset but sentiment *improved for the rest* of the session with a number of Continental operators closing bear positions. Late in the day U.S. traders were modest buyers of the leaders, despite the uncertain trend in bullion, and most share prices ended the day with modest changes in either direction. The continued firmness of sterling against the dollar, however, proved a restraining factor to sterling quotations and the Gold Mines index showed a further 3.6 fall to 250.2—its sixth successive decline and its lowest level since August 10 1982.

Among leading golds **Free State Geduld** were favoured by local and overseas buyers and edged up ⅜ to £14¼ but **Driefontein** and **Southvaal** remained depressed markets, closing down ¼ apiece at £10¼ and £19¼ respectively. In a mixed South African Financials sector, **"Amgold"** rallied ½ to £39 but **Gold Fields of South Africa** slipped 50 more to a 1985 low of 725p. UK-domiciled issues provided a firm feature in **Rio Tinto-Zinc** which gradually improved to settle 12 higher at 547p following the sharp recovery in third-quarter profits achieved by Canadian associate **Lornex**.

The latest rise to record levels by overnight Sydney and Melbourne markets prompted good support for Australians in London. Still buoyed by the highly encouraging drilling report from the Porgera gold/silver prospect in Papua New Guinea, **MIM** and **Renison** added a few pence apiece at 129p and 295p respectively. Golds staged a useful rally led by **Gold Mines of Kalgoorlie**, 10 better at 470p.

FINANCIAL TIMES STOCK INDICES

	Oct. 23	Oct. 22	Oct. 21	Oct. 18	Oct. 17	Oct. 16	year ago
Government Secs	84.47	84.47	84.53	84.57	84.33	84.20	80.62
Fixed Interest	90.36	90.36	90.34	90.28	90.32	90.06	84.49
Ordinary ♥	1051.3	1041.0	1048.0	1050.9	1043.3	1034.9	866.2
Gold Mines	250.2	253.8	272.7	282.5	284.6	293.1	585.9
Ord. Div. Yield	4.59	4.63	4.65	4.60	4.63	4.68	4.90
Earnings, Yld. % (full)	11.24	11.35	11.38	11.26	11.35	11.44	11.69
P/E Ratio (net) (*)	10.98	10.88	10.85	10.97	10.88	10.80	10.37
Total bargains (Est.)	23,142	24,135	24,253	24,207	22,988	23,232	16,728
Equity turnover £m.	—	412.74	352.75	506.88	638.41	486.65	283.54
Equity bargains	—	22,431	24,257	22,408	22,977	21,043	15,521
Shares traded (ml)	—	199.3	177.8	235.0	297.2	227.9	157.1

10 am 1045.8. 11 am 1046.4. Noon 1047.0. 1 pm 1049.7.
2 pm 1050.8. 3 pm 1051.0. 4 pm 1051.6.
Day's High 1051.9. Day's Low 1045.3.
Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil = 10.59.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.36 (22/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1051.3 (22/10)	911.0 (25/7)	1051.3 (23/10/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	250.2 (23/10)	734.7 (15/2/83)	43.5 (28/10/71)

S.E. ACTIVITY INDICES

	Oct. 22	Oct. 21
Daily Gilt Edged Bargains	118.4	140.9
Equities Bargains	145.3	157.2
Equities Value	834.2	713.0
5 day Average Gilt Edged Bargains	135.7	143.1
Equities Bargains	146.6	146.4
Equities Value	970.0	85.3

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (107)

BRITISH FUNDS (8)
BANKS (3)
BREWERS (1)
BUILDINGS (12)
CHEMICALS (5)
STORES (11)
ELECTRICALS (4)
ENGINEERING (6)
FOODS (6)
INDUSTRIALS (19)
INSURANCE (4)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (6)
SHIPPING (1)
TEXTILES (1)
TRUSTS (13)
OILS (1)
OVERSEAS TRADERS (2)

NEW LOWS (50)

LOANS (2)
Nationwide 11 15/16pc 21.7.86 Nationwide 11½pc 11.8.86
AMERICANS (3)
Alcoa Ingersoll-Rand
Amax
CANADIANS (1)
Trans. Can. Pipe
BUILDINGS (1)
Henderson Group
ELECTRICALS (3)
Comsoft Micro Scope
Memcom Intl.
HOTELS (1)
Ab'deen Steak Houses
INDUSTRIALS (2)
Overstone Standard Fireworks
INSURANCE (1)
Abbey Life
TEXTILES (2)
Munton Bros. Shaw Carpets
TRUSTS (3)
Nordic Inv. Viking Resources
Pacific Assets Trust
OILS (2)
Cons. Intl. Pet. Intl. Atlantic Res.
OVERSEAS TRADERS (1)
REA Hldgs.
MINES (28)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Wed Oct 23 1985: Index No.; Day's Change %; Est. Earnings Yield% (Max.); Gross Div. Yield% (ACT at 30%); Est. P/E Ratio (Net); xd adj. 1985 to date. Tues Oct 22, Mon Oct 21, Fri Oct 18: Index No.; Year ago (approx.): Index No.

	Group	Index No.	Day's Change %	Est. Earnings Yield%	Gross Div. Yield%	Est. P/E Ratio	xd adj. 1985 to date	Tues Oct 22	Mon Oct 21	Fri Oct 18	Year ago
1	CAPITAL GOODS (206)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (39)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (61)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (177)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (79)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (63)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (482)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (739)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Oct 22	Oct 21	Oct 18	Oct 17	Oct 16	Year ago
FT-SE 100 SHARE INDEX	1346.4	+14.9	1346.4	1336.3	1331.5	1340.3	1341.2	1335.7	1326.2	1125.4

FIXED INTEREST

	PRICE INDICES	Wed Oct 23	Day's change %	Tues Oct 22	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS	Wed Oct 23	Tues Oct 22	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3	Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6	Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	High Coupons 15 years	[illegible]	[illegible]	[illegible]
9	High Coupons 25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12	Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13	Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14	Preference	[illegible]	[illegible]	[illegible]
15	Inflation rate 5%	[illegible]	[illegible]	[illegible]
16	Inflation rate 10%	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing prices	Day's change
Abbey Life	220	− 9
BET Defd.	338	− 2
BP	563	+13
Caledonia Invs.	315	+13
Commercial Union	254	+ 4
Etam	222	+ 6
European Ferries	151	+ 4¼
Jaguar	305	+ 6
Ocean Transport	193	+ 5
Rothmans Intl.	124	+ 3
SGB	266	+40
Wolseley Hughes	463	+26

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
NatWest Bank	17	690	−12
Brit Aerospace	16	443	− 4
Lloyds Bank	14	440	−12
Wolsely-Hughes	14	437	+19
RTZ	13	535	− 5
Barclays	12	417	− 5
Comm Union	12	250	− 6
Jaguar	12	299	− 7
Cons Old Fields	12	443	− 4
Lucas Inds	12	436	[illegible]
Shell Trans.	12	680	[illegible]
Grand Met	11	353	[illegible]
ICI	11	647	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 23,016
A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
95	F.P.	7/11	103	97	AMS Inds. 5p	102	+3	b51.25	5.0	1.7	18.6
—	F.P.	9/10	7	6	Bardsey Pfd. Ord.	6½	−½	—	—	—	—
—	F.P.	—	3	3	Do. warrants	3					
185	100	1/11	148	117	Britoil 10p	130	+5	t13.0	3.0	8.6	6.2
90§	F.P.	5/11	112	95	✱Colorgen Inc. $0.01	112	+5	—	—	—	—
125§	F.P.	8/11	135	128	✱C.P.M. 5p	128	−2	bg1.75	3.7	1.9	6.3
§88	F.P.	—	96	91	✱Cowells	93	......	bg2.6	2.6	4.1	13.4
75§	F.P.	1/11	78	70	✱Electronic Data 5p	76	......	bg1.6	4.2	3.0	11.1
120	F.P.	—	110	104	Fairbriar 10p	109	......	bg4.0	2.7	5.3	—
§94	F.P.	30/10	98	78	✱InfraRed $0.10	90	−2	Q2.15c	—	1.7	—
§62	F.P.	8/11	63	50	✱Just Rubber 10p	56	−1	61.74	3.2	4.3	23.4
§79	F.P.	8/11	87	80	✱Kewill Systems 5p	81	−1	g1.2	4.3	2.1	15.8
100	50	13/11	47	43	Nat. Home Loans 7½p	46	......	—	—	—	—
§180	F.P.	25/10	187	165	✱Questel 10p	183	−4	bg4.0	3.6	3.1	13.2
§95	F.P.	—	100	90	✱Radius 5p	98	+1	bg2.66	2.3	3.9	13.6
¶330	F.P.	1/11	405	343	St. Ive's 10p	400	......	bg8.0	3.1	2.8	18.3
100	F.P.	—	99	97	Strata Invs.	98	......	—	—	—	—
•	F.P.	—	33	15	Vantage Secs. Wrrnts.	23	+1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
87.306	£30	—	32⅞	29⅝	Australia 9½% Ln. 2012	32	......
§91.448	£30	17/1	29⅝	27½	Bank of Greece 10¾% Ln. 2010	29⅝	......
‖	Nil	—	17pm	10pm	Brit. Benzol 13% Conv. Uns. Ln. 1995	17pm	......
§96.456	£25	27/11	28½	25⅝	Brixton Est. 10¾% 1st. Mort. Deb. 2025	28¼	−⅛
§100	£10	—	10¾	10⅛	EastbourneWater 11.2% RedDeb.2005/8	10¾	......
§98.524	£40	3/12	44¼	40¾	Est. & Gen. Inv. 11¼% 1st Mort. Deb. 2018	44¼	......
§97.617	£25	31/1	27¾	25¾	Evans of Leeds 11% 1st. Mort. Deb. 2025	27¾	+⅛
—	F.P.	—	101½	100¾	Hampton Tst. 11⅛% 1st Mtg Deb 2025	101	......
88.466	£30	24/1	32 5/16	29⅝	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	32	......
§100	F.P.	—	115	84½	✱Memory Comp. 7.8% Cnv.R.Pf1994/8	115	+2
100	£50	13/11	50	47	Nat. Home Loans 8% Cnv. Uns.Ln. 2005	47	−1
—	F.P.	—	100⅛	99	‖Nationwide 11⅜% Bds. 15/9/86	99	......
—	F.P.	—	99	99	Do. 11⅜% Bds. 20/10/86	99	− 1/16
**	F.P.	22/11	115	110	Pittard 9½% Cum. Pref.	115	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
DM190	Nil	—	90pm	55pm	BASF A.G. DM 50	70pm	+2½
11	F.P.	11/11	11¾	10½	Blacks Leisure 10p	10½	......
55	Nil	—	11pm	8pm	Brasway 10p	10½pm	−½
48	F.P.	22/11	65	57	Burns-Anderson 10p	60	−1
85	F.P.	11/11	125	105	City Site Estates	125	......
60	Nil	22/11	22pm	15pm	Crowther (J)	15pm	......
165	F.P.	6/11	218	180	DRG	218	+3
210	F.P.	22/11	246	240	Emess Lighting	246	+6
100	Nil	—	36pm	28pm	Garfunkels' Rest. 10p	36pm	+4
5	Nil	30/10	12pm	3pm	Howard & Wyndham 5p	12pm	......
10	F.P.	12/11	11	10	✱Humberside Elect. 20p	10	−1
225	Nil	6/12	83	65	IML Hldgs	83	+6

For Greenfields Black see Blacks Leisure.

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based *on prospectus estimates. g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment *letters or fully paid.* ‖‖ Introduction. ✱ Unlisted Securities Market. § Placing price. ‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	68	3	38
Corpns. Dom. & Foreign Bonds	1	10	70
Industrials	343	213	930
Financial & Props.	142	58	360
Oils	27	21	79
Plantations	7	3	8
Mines	36	51	99
Others	74	44	90
Totals	698	403	1,674

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 21	Nov 1	Jan 23	Feb 3
Nov 4	Nov 15	Feb 6	Feb 17
Nov 18	Nov 29	Feb 20	Nov 3

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Falcon Resources, Atlantic Resources, J. Jarvis, Rothmas International, United Biscuits, ERF, Amstrad, C. H. Bailey, Marley, United Parcels, Reabrook, Barker and Dobson, Premier Oil and Tranwood. Puts were taken out in Memcom and Westland, but no doubles were reported.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*563)	500	65	80	90	0¼	3	8
	550	15	38	50	1	14	25
	600	0½	15	24	38	40	50
Cons. Gold (*434)	390	50	65	77	1½	7	11
	420	18	45	55	2	20	35
	460	0½	28	37	27	40	65
	500	1	10½	18	67	[illegible]	[illegible]
	550	½	3	—	117	[illegible]	[illegible]
Courtaulds (*151)	120	31	34	37	0¼	[illegible]	[illegible]
	130	21	25	28	0¼	[illegible]	[illegible]
	140	11	17	20	0¼	[illegible]	[illegible]
	160	0½	8	11	10	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*436)	360	80	90	—	1½	2	—
	390	50	60	67	2	6	10
	420	23	37	48	6	15	25
	460	4	16	23	25	33	42
Racal (*146)	130	20	28	36	2	5	8
	140	12	20	28	7	10	13
	160	4	11	18	18	20	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

October 23 Total Contracts 15,319 Calls 11,018 Puts 4,301
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices October 23

[illegible]

MONTREAL

Closing prices October 23

[illegible]

Indices

NEW YORK-DOW JONES

	Oct 23	Oct 22	Oct 21	Oct 18	Oct 17	Oct 16	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,364.81*	1,364.38	1,364.14	1,368.84	1,369.29	1,368.50	1368.58 (18/10)	1184.96 (4/1)	1368.50 (16/10/85)	41.22 (2/7/32)
Transport	658.81*	662.22	658.94	660.58	659.70	662.80	702.6 (17/7)	553.03 (4/1)	702.68 (17/7/85)	12.32 (8/7/32)
Utilities	157.31*	156.24	154.85	154.44	154.80	154.34	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol		111.3m	95.7m	107.8m	140.5m	117.4m	—	—	—	—

	Oct 11	Oct 4	Sept 28	Year Ago (Approx)
Ind Div Yield %	4.80	4.64	4.66	4.85

STANDARD AND POORS

	Oct 23	Oct 22	Oct 21	Oct 18	Oct 17	Oct 16	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	210.27*	209.62	208.57	208.67	209.49	209.97	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.82 (30/6/32)
Composite	188.68*	188.04	186.96	187.04	187.66	187.98	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	Oct 9	Oct 2	Sept 25	Year Ago (Approx)
Ind div yield %	3.96	3.80	3.88	3.95
Ind. P/E Ratio	12.27	12.39	12.13	10.79
Long Gov Bond Yield	10.61	10.51	10.51	12.28

N.Y.S.E. ALL COMMON

Oct 23	Oct 22	Oct 21	Oct 18	1985 High	1985 Low
108.96*	108.65	108.05	108.15	113.49 (17/7)	94.88 (4/1)

RISES AND FALLS

	Oct 23	Oct 22	Oct 21
Issues traded		1,974	1,976
Rises		905	662
Falls		611	874
Unchanged		458	440

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Fireman's	4,224,100	47¼	unch
Beatrice Co	2,956,500	44⅝	+ ½
South Boyl	1,571,600	17½	− ⅛
MCA	1,555,300	53¾	+ ¾
IBM	1,480,200	130½	+ 1⅜
East Air	1,488,900	8	− 1
Oneok Inc	1,412,800	29	unch
Pac Lumber	1,389,600	39¾	+ ¼
Santa Fe	1,349,200	32⅛	− 1
Westg Ele	1,219,700	48⅞	+ 1

Advances 812 Declines 643

TORONTO

	Oct 23	Oct 22	Oct 21	Oct 18	1985 High	1985 Low
Metals & Minls	1,799.7*	1,814.8	1,827.8	1,836.14	2199.7 (13/2)	1839.3 (8/1)
Composite	2,652.1*	2,648.1	2,644.3	2,646.80	2819.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	128.12*	128.27	128.31	120.86	139.33 (19/7)	117.80 (4/1)

* Indicates pre-close figure

	Oct. 23	Oct. 22	Oct. 21	Oct. 18	1985 High	1985 Low
AUSTRALIA						
All Ord. (1 1 80)	1046.0	1042.5	1040.6	1055.0	1046.0 (23 10)	715.3 (7 1)
Metals & Minls. (1 1 80)	550.2	529.4	526.9	524.9	588.8 (20 5)	582.5 (7 1)
AUSTRIA						
Credit Aktien (2 1 82)	98.32	99.09	97.77	96.70	105.73 (17 9)	58.21 (24 1)
BELGIUM						
Brussels SE (3 1 83)	2755.26	2715.60	2998.25	2686.34	2755.26 (23 10)	2090.7 (18 1)
DENMARK						
Copenhagen SE (3 1 83)	236.11	235.66	234.05	233.35	236.11 (23 10)	158.44 (8 1)
FRANCE						
CAC General (31 12 82)	211.8	211.2	211.4	211.60	233.1 (31 5)	180.8 (3 1)
Ind Tendance (28 12 84)	110.5	118.6	118.7	119.00	130.4 (31 5)	100.1 (3 1)
GERMANY						
FAZ Aktien (31 12 58)	576.25	567.24	569.18	568.55	576.25 (23 10)	382.39 (3 1)
Commerzbank (1 12 83)	1704.0	1674.4	1675.9	1675.3	1704.0 (23 10)	1111.8 (3 1)
HONG KONG						
Hang Seng Bank (31 7 84)	1666.71	(c)	1666.05	1638.89	1711.51 (19 8)	1220.74 (2 1)
ITALY						
Banca Comm Ital. (1972)	395.89	397.75	397.73	382.00	413.33 (8 10)	228.56 (2 1)
JAPAN**						
Nikkei Dow (16 5 49)	12946.5	13001.7	13023.2	12973.22	13055.5 (15 10)	11545.2 (5 1)
Tokyo SE New (4 1 68)	1025.75	1030.68	1032.28	1030.77	1057.55 (10 7)	916.95 (4 1)
NETHERLANDS						
ANP-CBS General (1970)	216.8	216.5	216.0	216.4	223.0 (3 9)	185.6 (3 1)
ANP CBS Indust (1970)	197.5	194.2	192.2	191.5	197.5 (23 10)	147.9 (3 1)
NORWAY						
Oslo SE (4 1 83)	377.51	376.95	372.05	375.98	377.31 (23 10)	286.18 (2 1)
SINGAPORE						
Straits Times (1966)	774.15	770.86	777.65	768.14	852.65 (7 3)	717.90 (15 7)
SOUTH AFRICA						
JSE Gold (28 9 78)	—	1107.9	1117.7	1106.0	1140.6 (15 4)	829.3 (5 8)
JSE Indust (28 9 78)		969.9	977.4	980.6	1036.8 (16 7)	767.1 (7 3)
SPAIN						
Madrid SE (28 12 84)	125.97	125.25	124.61	123.94	125.97 (23 10)	101.48 (2 1)
SWEDEN						
Jacobson & P (1 1 58)	1404.96	1404.19	1400.66	1393.06	1486.98 (11 2)	1295.32 (9 7)
SWITZERLAND						
Swiss Bank Cpn (31 12 58)	499.6	496.0	492.5	492.90	499.6 (23 10)	386.7 (3 1)
WORLD						
Capital Intl. (1 1 70)	-	228.9	228.5	228.4	228.9 (22 10)	184.6 (4 1)

** Saturday October 19: Japan Nikkei-Dow 13.015 7. TSE 1.034 06.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 37

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LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

APV	275	+12
Ass Brit Foods	252	+ 8
Ass Brit Ports	412	+ 8
Boots	209	+ 9
Bremner	58	+ 4
BP	563	+13
Connells Est	165	+15
Eastern Prod	296	+12
Etam	222	+ 6
Freemans	338	+14
Gleeson (MJ)	258	+14
Hambros	168	+ 8
Hillsdown	183	+ 8
Hunting Assoc	234	+ 9
ICI	655	+ 8
Imp Cont Gas	323	+ 8
Invent Energy	£17¾	+ 1¼
Lloyds Bank	452	+12
Lonrho	155	+ 6
NatWest Bank	703	+13
Nurdin & P	158	+ 8
Oil Search	50	+ 5
Rank Org	450	+13
RTZ	547	+12
SGB	266	+40
Smith (WH)	266	+ 8
Stothert & P	140	+ 6

FALLS

Abbey Life	220	− 9
Clive Disc	38	− 4
Somportex	128	− 6

North American quarterly results

Continued from Page 21

DIAMOND SHAMROCK
Energy and chemicals

Third quarter	1985 $	1984 $
Revenue	1.06bn	1.13bn
Net profits	52.8m	61.1m
Net per share	0.40	0.45
Nine months		
Revenue	3.04bn	3.40bn
Net profits*	†652.5m	185.4m
Net per share	†5.39	1.36

* After $810.3m writedown.
†Loss

IMPERIAL OIL
Oil, natural resources

Third quarter	1985 C$	1984 C$
Revenue	2.14bn	2.21bn
Net profits	107m*	143m
Net per share	0.65	0.88
Nine months		
Revenue	6.55bn	6.44bn
Net profits	389m*	364m
Net per share	2.40	2.27

* Includes C$45m charge

KNIGHT-RIDDER NEWSPAPERS
Media

Third quarter	1985 $	1984 $
Revenue	403.2m	402.9m
Net profits	26.2m	30.1m
Net per share	0.46	0.46
Nine months		
Revenue	1.27bn	1.21bn
Net profits	91.9m	94.5m
Net per share	1.49	1.45

MAPCO
Diversified energy

Third quarter	1985 $	1984 $
Revenue	458.9m	483.9m
Op. net profits	21.1m	12.3m
Op. net per share	0.74	0.39
Nine months		
Revenue	1.4bn	1.54bn
Op. net profits	70.4m	56.4m
Op. net per share	2.36	1.86

McDONALD'S
Fast food restaurant

Third quarter	1985 $	1984 $
Revenue	1.01bn	914.7m
Net profits	128.1m	114.3m
Net per share	1.48	1.29
Nine months		
Revenue	2.78bn	2.56bn
Net profits	329.5m	297.9m
Net per share	3.79	3.36

NORFOLK SOUTHERN
Railroad holding company

Third quarter	1985 $	1984 $
Revenue	1.03bn	904.9m
Net profits	141.6m	134.7m
Net per share	2.25	2.14
Nine months		
Revenue	2.81bn	2.71bn
Net profits	380.1m	374.0m
Net per share	6.04	5.94

SHELL CANADA
Oil, chemicals

Third quarter	1985 C$	1984 C$
Revenue	1.4bn	1.4bn
Net profits	†6m	33m
Net per share	†0.09	0.25
Nine months		
Revenue	4.6bn	4.2bn
Net profits	88m	0.84
Net per share	0.64	0.64

SOUTHWEST AIRLINES
Domestic carrier

Third quarter	1985 $	1984 $
Revenue	195.5m	138.8m
Net profits	16.8m	14.2m
Net per share	0.53	0.48
Nine months		
Revenue	501m	402.4m
Net profits	41.3m	38.3m
Net per share	1.36	1.30

UNION PACIFIC
Energy, resources, railroads

Third quarter	1985 $	1984 $
Revenue	1.93bn	2.03bn
Net profits	120.4m	136.1m
Net per share	1.01	1.10
Nine months		
Revenue	5.86bn	6bn
Net profits	366m	365.8m
Net per share	3.05	2.96

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅜	16	AAR	.56	2.4	15	18	23¼	23	23	
17⅜	9¾	AGS			12	334	15¼	14½	15¼	+⅞
15⅝	9⅝	AMCA				1	10⅛	10⅛	10⅛	+⅛
50¾	23¾	AMR			7	4780	40⅞	40⅜	40½	−½
23⅜	18⅝	AMR pf	2.18	9.4		1	23¼	23¼	23¼	
22	19	ANR pf	2.12	11.		5	19¾	19⅝	19⅝	
14	7⅜	APL				6	10⅛	10⅛	10⅛	
61⅛	34¾	ASA	2	5.4		216	37⅛	36½	36⅞	+⅝
27	10½	AVX	.32	2.8	16	190	11¾	11½	11½	−¼
28⅛	19¼	AZP	2.72	11	7	827	25½	25	25½	+½
60	38⅝	AbtLab	1.40	2.4	15	683	57¾	57¼	57⅜	−⅛
25⅞	19⅝	AccoWd	.50	2.2	17	235	23¼	23	23⅛	+⅛
24¾	12⅞	AcmeC	.40	3.3		78	12⅝	d12	12	−½
10½	7⅜	AcmeE	.32b	4.3	11	7	7½	7½	7½	
19	15½	AdaEx	1.83e	11		80	17¾	17⅝	17⅝	−⅛
20	13½	AdmMl	.32	1.7	8	31	18⅞	18½	18⅝	+¼
16⅛	8⅝	AdvSys	.53t	3.6	30	30	14	13⅞	13⅞	+⅛
36⅞	22⅞	AMD			36	2037	24⅝	24¼	24½	−⅛
12⅞	6⅞	Advest	.12	1.4	19	154	8¾	8⅝	8¾	+¼
15⅞	10	Aerflex			13	98	15⅜	15⅛	15¼	+¼
49⅝	34⅝	AetnLf	2.64	5.5	17	6066	48½	47	48¼	+1⅜
57½	53¼	AetL pf	5.41e	9.7		110	56	56	56	−½
37⅜	22⅞	Ahmns	1.20	3.4	6	961	35⅝	34¾	35¼	+½
3⅝	2½	Aileen				6	2⅝	2⅝	2⅝	−⅛
57	43⅜	AirPrd	1.48	2.7	11	1242	54⅜	53½	54⅜	+¾
24⅜	17½	AirbFrt	.60	2.7	13	42	21⅞	21⅞	21⅞	
2⅛	1¼	AlMoa	s.10e	6.2		16	1⅝	1⅝	1⅝	
33⅜	29¼	AlaP pfA	3.92	12.		12	31⅜	31⅜	31⅜	+⅛
8⅛	6⅝	AlaP dpf	.87	11.		39	8	7⅞	8	+⅛
106¼	96⅞	AlaP pf	11	10.		z3220	106	105	106	+1
86	70	AlaP pf	9.44	11		z420	84⅝	84⅝	84⅝	+1
75	59¼	AlaP pf	8.28	12.		z440	71½	71	71½	+1½
[illegible]										

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Fireman's Fund hits hot spot

DESPITE disappointing news on the U.S. economy and on car sales, Wall Street ended firmly in busy trading yesterday, *writes Terry Byland in New York.*

The broad range of the market was well supported, with technology issues to the fore. Some gains in the blue chips were trimmed, however, after the Commerce Department's disclosure that durable goods orders dipped by 1.1 per cent last month.

Corporate results and speculative issues provided most of the features in the stock market. The Dow Jones industrial average closed a net 2.80 points up at 1,367.16, on turnover of 123m shares.

The bond market, which would have liked even stronger signs of an economic slowdown, gave up the gains of the previous session. A sharp rise in the federal funds rate was ascribed to technical pressures linked to the banking settlement.

The highlight of the stock market was the opening of trading in Fireman's Fund, floated off by American Express in the largest initial public offering ever made by an American company. After the 32m issue was priced at $25.75 a share, business opened with a 1m block traded by Salomon Bros, co-manager of the issue with Shearson Lehman Brothers. Later the stock topped the NYSE active stocks list, with the price at $26⅛.

The reporting season for the oil industry opened with Exxon, the world leader, $⅛ up at $53⅞ and Phillips Petroleum up $⅛ at $12¾, both after announcing third-quarter profits.

Also in the limelight were the Wall Street firms themselves, headed by Phibro-Salomon, $⅝ higher at $37¼, and E. F. Hutton, $⅝ up at $32¾, on their respective results.

The motor sector weakened as the market digested the news of lower operating profits at General Motors and a sharp dip in sales in early October throughout the industry. General Motors shed a further $¾ to $66⅝ and Ford $¾ to $46¾. However, tentative settlement of the strike at its manufacturing plants brought a gain of $⅛ to $38¾ in Chrysler.

Satisfaction with the results again boosted Digital Equipment, up $1⅛ to $111⅞. The report from France that IBM expects European sales of telecommunication services and equipment to double over five years helped its gain of $1½ to $130⅝.

Also firm on the technology sector were Burroughs, up $⅛ at $56¾, and NCR, up $¾ at $35⅞.

Stock in Boeing continued to rise, putting on $1¾ to $47⅛ in response to the $2bn sales deal with Northwest Airlines. Other defence-aerospace stocks looked mixed. United Technologies gave up $¾ to $39⅞, but McDonnell Douglas added $1 to $71½.

The market's considered response to the industry's results brought profit-taking in airlines. Eastern, with profits boosted by funds previously set aside for a profit-sharing plan, fell $1 to $8. American dipped $½ to $40½, and Pan American slipped $⅛ to $8. Northwest Air, reporting poor earnings, slumped $1⅛ to $52⅝.

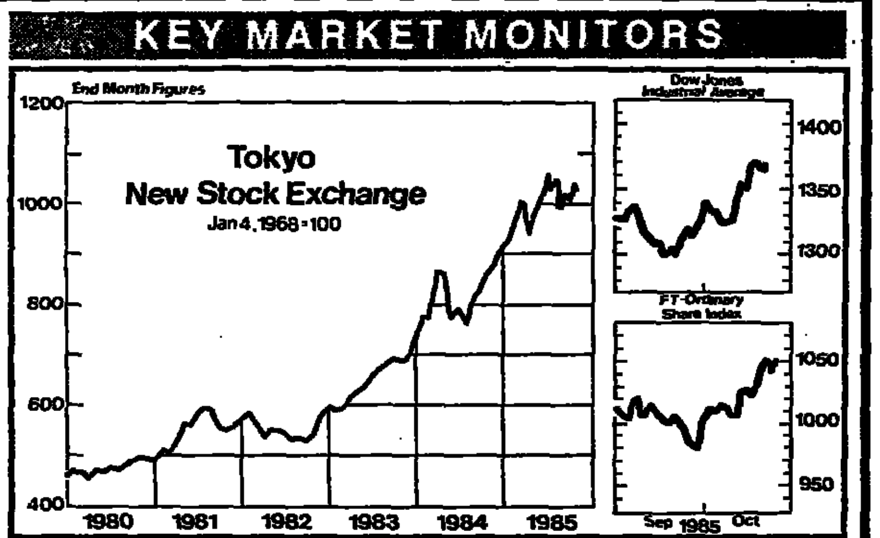
Eli Lilly jumped $2⅛ to $92⅞ on higher earnings. The rest of the pharmaceutical sector remained mixed, however, as analysts weighed the chances of a fall in the dollar which would be good for industry profits. Merck shaded by $¼ to $113 and Pfizer by $⅝ to 45¼.

Speculative issues remained active. Heavy turnover in Beatrice, the food group, sent the price up $1⅛ to $45¼ after reports that Kohlberg Kravis might add 10 per cent to the $45 a share buyout offer so firmly rejected by the Beatrice directors. Results from Hoover left the bid situation unchanged and the shares $¼ better at $42½. R. H. Macy, still awaiting the formal offer from the management group, shaded by $⅝ to $63⅛.

Railroad stocks had an active session, with Union Pacific $⅞ up at $49⅞ on results and Burlington Northern $1⅜ higher at $64¼ as the market awaited the outcome of its bid for Southland Royalty. Santa Fe South dipped $1¼ to $31⅞ after the Justice Department opposed plans to merge part of its network with the Southern Pacific system.

Credit markets were still sluggish, but longer dated bonds shed the gains chalked up in the previous session on hopes that economic data would show a strong downturn in the economy. Short-term rates edged higher behind a federal funds rate at 8¾ per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Oct 23	Previous	Year ago
DJ Industrials	1,367.16	1,364.36	1,213.01
DJ Transport	660.81	662.22	537.16
DJ Utilities	157.88	156.24	143.36
S&P Composite	189.09	188.04	167.09
LONDON			
FT Ord	1,051.3	1,041.0	866.2
FT-SE 100	1,346.4	1,331.5	1,128.3
FT-A All-share	654.87	649.16	532.26
FT-A 500	715.98	709.34	577.53
FT Gold mines	250.2	253.8	555.9
FT-A Long gilt	10.15	10.15	10.44
TOKYO			
Nikkei-Dow	12,946.53	13,001.70	11,029.9
Tokyo SE	1,025.70	1,030.60	851.93
AUSTRALIA			
All Ord.	1,046.0	1,042.4	741.8
Metals & Mins.	530.2	529.4	431.5
AUSTRIA			
Credit Aktien	98.32	99.09	56.74
BELGIUM			
Belgian SE	2,755.26	2,715.60	–
CANADA			
Toronto			
Metals & Minls	1,798.36	1,814.8	1,972.0
Composite	2,652.97	2,648.1	2,382.4
Montreal			
Portfolio	128.12	128.27	117.74
DENMARK			
SE	236.11	233.66	167.73
FRANCE			
CAC Gen	211.8	211.2	179.0
Ind. Tendance	119.3	118.6	95.8
WEST GERMANY			
FAZ-Aktien	576.25	567.24	372.37
Commerzbank	1,704.0	1,674.4	1,090.8
HONG KONG			
Hang Seng	1,666.71	1,666.06	1,045.18
ITALY			
Banca Comm.	395.89	397.75	212.28
NETHERLANDS			
ANP-CBS Gen	218.9	216.5	181.8
ANP-CBS Ind	197.5	194.2	142.5
NORWAY			
Oslo SE	377.31	373.93	261.74
SINGAPORE			
Straits Times	774.13	770.86	875.29
SOUTH AFRICA			
JSE Golds	–	1,107.9	1,010.6
JSE Industrials	–	969.9	879.1
SPAIN			
Madrid SE	125.97	125.25	103.15
SWEDEN			
J & P	1,408.96	1,404.19	1,462.18
SWITZERLAND			
Swiss Bank Ind	499.6	496.0	377.6
WORLD	Oct 22	Prev	Year ago
Capital Int'l	228.9	228.5	184.8

COMMODITIES

(London)	Oct 23	Prev
Silver (spot fixing)	432.70p	427.55p
Copper (cash)	£992.25	£980.00
Coffee (Nov)	£1,661.00	£1,646.00
Oil (spot Arabian Light)	$27.75	$27.75

GOLD (per ounce)

	Oct 23	Prev
London	$326.50	$327.75
Zürich	$326.50	$325.65
Paris (fixing)	$327.97	$326.72
Luxembourg	$327.00	$328.00
New York (Dec)	$329.00	$330.00

CURRENCIES

(London)	U.S. DOLLAR Oct 23	U.S. DOLLAR Previous	STERLING Oct 23	STERLING Previous
$	–	–	1.434	1.433
DM	2.638	2.6405	3.7825	3.785
Yen	215.75	215.8	309.5	309.25
FFr	8.04	8.0475	11.53	11.5325
SwFr	2.164	2.166	3.1025	3.105
Guilder	2.9775	2.9795	4.27	4.27
Lira	1,780.0	1,780.0	2,552.5	2,551.0
BFr	53.45	53.5	76.65	76.65
C$	1.364	1.3647	1.9555	1.956

INTEREST RATES

Euro-currencies (3-month offered rate)	Oct 23	Prev
£	11⅝	11⅝
SwFr	4⅝	4⅝
DM	4 13/16	4¾
FFr	9⅝	9 9/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 7/16	8 7/16
6-month U.S.$	8 9/16	8 9/16
U.S. Fed Funds	8¾	8 1/16
U.S. 3-month CDs	7.80	7.8
U.S. 3-month T-bills	7.23	7.175

U.S BONDS

Treasury		Oct 23* Price	Oct 23* Yield	Prev Price	Prev Yield
9	1987	100 9/32	9.399	100 13/32	8.76
10⅝	1992	101	9.99	102	9.946
10½	1995	102 7/32	10.133	102 11/32	10.093
10⅝	2015	102 5/32	10.396	102 11/32	10.366

Treasury Index Maturity (years)	Oct 23* Return index	Day's change	Yield	Day's change
1–30	130.04	–0.01	9.59	+0.01
1–10	128.57	–0.01	9.29	+0.01
1–3	125.55	0	8.75	+0.02
3–5	130.11	+0.02	9.55	0
15–30	135.16	+0.11	10.64	–0.01

Source: Merrill Lynch

Corporate	Oct 23* Price	Oct 23* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101	10.10	101	10.10
3⅞ July 1990	83½	8.30	83¼	8.25
8¾ May 2000	84	10.97	84¼	10.90
Xerox				
10⅝ Mar 1993	100½	10.52	100½	10.52
Diamond Shamrock				
10⅝ May 1993	98½	10.90	98½	10.90
Federated Dept Stores				
10⅝ May 2013	94¾	11.25	94¾	11.25
Abbot Lab				
11.80 Feb 2013	103⅝	11.90	102⅝	11.45
Alcoa				
12¼ Dec 2012	98¾	12.15	98¾	12.15

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	76–30	77–15	76–27	77–09
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.88	92.97	92.86	92.93
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.09	92.15	92.09	92.15
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.81	91.88	91.78	91.81
20-year Notional Gilt £50,000 32nds of 100%				
Dec	113–23	114–01	113–23	113–27

* Latest available figures

TOKYO

Caution lowers the tone

A CAUTIOUS mood prevailed in Tokyo yesterday as further falls in large-capital and public works-related issues continued to weaken the market, *writes Shigeo Nishiwaki of Jiji Press.*

Printing-related issues and some blue chips which had posted solid gains in the morning also lost ground towards the close.

The Nikkei-Dow market average lost 55.16 to 12,946.53, its third successive decline. Volume rose to 351.1m shares from Tuesday's 282.9m. Losses outpaced gains by 461 to 323, with 147 issues unchanged.

Earlier this week, dealers sought to improve the mood in the market, which had entered a corrective phase, by chasing biotechnology stocks, blue chips and incentive-based shares.

However, the fast declines of large-capital and public works-related issues, which had been traded actively between late September and early October, disappointed investors.

Mitsubishi Heavy Industries fell Y17 to Y415, the second most active stock with 19.4m shares traded. The share has fallen by slightly more than 11 per cent from its Y481 high reached on September 30.

Other large-capital stocks to fall were Hitachi Zosen, down Y7 to Y136, Tokyo Gas Y1 to Y305, Tokyo Electric Power, Y50 to Y2,440, and Nippon Steel, Y3 to Y176.

Among the widespread losses by public works-related issues, Ohbayashi Corp dipped Y14 to Y406 and Kajima Corp Y8 to Y499. Ohbayashi has fallen about 22 per cent from its September 30 high of Y452.

Some biotechnology-related issues also fell. Shionogi, which rose in the previous session after official approval for its manufacture of a new drug, fell Y10 to Y792. Yamanouchi Pharmaceutical also eased Y30 to Y3,330.

Rumours of an imminent currency redenomination sent Dai Nippon Printing up Y50 at one stage. However, it eased back to close Y10 up at Y1,170 on volume of 8.4m shares. Dai Nippon Ink and Chemicals rose Y2 to Y315, and Oji Paper advanced Y8 to Y468.

Bonds opened firm in response to a rise in the 30-year U.S. government bond market on October 22 but weakened later reflecting a decline in the bond futures market.

The yield on the benchmark 6.8 per cent government bond due in December 1994 rose to 5.520 per cent from Tuesday's 5.510 per cent. This was partly the result of a Y20bn to Y30bn purchase by a large trust bank towards the close. However, the impact was not strong enough to cause a turnaround in the market's outlook.

HONG KONG

LATE demand for banks and utilities counteracted the effects of profit-taking in Hong Kong which closed slightly firmer.

Brokers said banks and utilities had been left behind in the market's recent advances and yesterday's improvement enabled the stocks to catch up.

Among banks Hang Seng added HK$1 to HK$44.75. Hongkong and Shanghai was 5 cents up at HK$7.30 and East Asia was 30 cents higher at HK$22.50.

China Light added 10 cents to HK$17.40, and Hongkong Telephone was 15 cents up at HK$9.25 while Hongkong Electric was steady at HK$8.20.

Elsewhere, Swire Pacific added 20 cents to HK$27.80, Jardine Matheson was 10 cents down at HK$12.90 and Hutchison Whampoa was also 10 cents down at HK$26.50.

EUROPE

Frankfurt gathers strength

A DECISIVE break from the constrained pattern of trading which has subdued Frankfurt during the past two sessions yesterday pushed a large range of leading issues to record levels.

A return by international investors instilled renewed confidence, allowing domestic dealers to shrug off concern over interest rates created by the flagging West German bond market.

Substantial gains in the automotive and chemical sector contributed importantly to the Commerzbank's 29.6 rise to a new high of 1,704.0.

Daimler led the motor sector, adding DM 21.50 to DM 1,076.50, while VW firmed DM 18.70 to DM 363.20. BMW breached the DM 500 level with a rise of DM 8 to DM 505.

Expectations of sharply higher earnings injected renewed enthusiasm. BASF closed DM 6.80 higher at DM 272, Bayer firmed DM 11.50 to DM 257.50 and Hoechst DM 11.80 to DM 257.50.

Banks were boosted, before Deutsche's announcement of a one-for-15 rights issue at DM 450. The stock added DM 10.50 to DM 680 while Dresdner firmed DM 3.50 to DM 340.50 and Commerzbank DM 1.50 to DM 259.0.

Bond prices eased further in dull trading as dealers continued to feel the U.S. dollar would firm in the medium term and foreign investors remained on the sidelines. The Bundesbank bought DM 32.5m worth of domestic paper, compared with DM 89.3m on Tuesday.

Brussels continued to rally in active trading with leading Belgian and foreign stocks at or near record levels. The Brussels SE index hit a new peak, adding 39.66 to 2,755.26.

Recent interest rate declines and renewed faith in the country's political stability again inspired the buying.

The announcement by Electrofina of a one-for-five rights issue pushed it BFr 260 higher to BFr 5,400, while Wagons Lit provided another highlight, adding BFr 500 to BFr 4,500, with dealers noting a lack of available paper.

Steel and related issues improved, with Arbed's BFr 190 rise to BFr 2,555 placing it at the head of the sector.

Amsterdam had one of its brightest sessions for several days with improvements in most sections. The ANP-CBS general index reached a 12-month record, adding 2.4 to 218.9.

The guilder's strength against the dollar buoyed internationals, with Unilever ahead Fl 4.80 to Fl 333.80.

Positive domestic economic indicators backed strong trading in **Zurich.**

All banks closed higher, with Swiss Bank up SwFr 6 to SwFr 503 after announcing higher third-quarter earnings and an issue of bearer shares.

Institutions were active in **Paris,** boosting demand from other sources and leaving prices generally higher.

Profit-takers returned to the **Milan** bourse although selective buying left a small number of issues with a small improvement.

Hopes of a cut in domestic interest rates continued to influence investment decisions in **Stockholm,** and prices edged forward in relatively active business.

Madrid was firmer although trading remained thin.

AUSTRALIA

SITUATION stocks and improved golds yesterday spurred Sydney to its third successive record.

Strong support for BHP and a scrip shortage also helped to lead the market upwards, and the All Ordinaries index ended 3.5 up at a new peak of 1,046.0.

Interest in BHP continued ahead of today's expiry of its October options series. It closed 8 cents higher at A$8.90.

Among other actives North Broken Hill was 4 cents up to A$2.55, Western Mining added 2 cents to A$3.70 and MIM was up 5 cents to A$2.76 while CSR lost 1 cent to A$3.72.

Elders IXL continued to slide, easing 5 cents to A$3.95, following its bid for Allied-Lyons, the UK brewing and foods group, earlier this week.

The continuing optimism over results, due today, of the Menanda exploration well in Papua New Guinea again helped Oil Search to rise 7 cents to 99 cents.

SINGAPORE

SPECULATIVE buying gave a late boost to Singapore which closed higher earlier after profit-taking had caused some prices to ease.

Malaysian companies were in demand, including Magnum, which closed 20 cents higher at S$4.10, G. I. Holdings, 13 cents up at S$2.11, and Raleigh, 2 cents up at S$3.66.

Banks were generally steady to firm, with Malay Banking up 5 cents to S$5.90 and OCBC unchanged at $8.45. However, Tat Lee slipped 1 cent to S$3.52.

Elsewhere, Cold Storage added 4 cents to S$3.18, Genting was 10 cents better at S$6.05, Keppel Shipyard was 1 cent up to S$1.24 and Singapore Press rose 5 cents to S$6.45.

LONDON

Institutions sweep away uncertainty

BUYING orders swept away the uncertainty which has clouded London this week and boosted share prices to new peaks.

At the end of the session the FT Ordinary share index was 10.3 up at its best-ever level of 1,051.3, after many shares had reached all-time highs.

The institutional and other buying orders emerged late on Tuesday and continued throughout yesterday's session. The upward momentum was also helped by Opec predictions of more stable oil prices next year, bid speculation and, more importantly, support for a wide range of second-line issues.

BET fell 2p to 338p in active trading on news of its counter-offer for SGB, which soared 40p to 266p.

ICI, which has slipped lately on concern over its third-quarter figures due out today, gained 8p to 655p.

Among oils British Petroleum was 13p up at 563p while other oils improved between 1p and 5p.

Banks were also stronger, recouping the previous session's losses sparked by worries about Lloyds' Far Eastern loans. Lloyds was 12p higher at 452p, and NatWest added 13p to 704p.

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SOUTH AFRICA

A LACK of fresh incentives left Johannesburg mixed in dull trading.

Among golds Driefontein was 15 cents down at R50.85, Gold Fields SA was steady at R35 and Buffelsfontein was 50 cents better at R77.50.

Other minings and mining financials were also mixed. Anglo American Corp lost 25 cents to R34.25, diamond share De Beers was 15 cents down at R14.35 and Rustenburg Platinum was unchanged at R24.25.

Among banks Barclays slipped 10 cents to R16.90, and Nedbank firmed 25 cents to R11.00.

CANADA

EARLY gains on Wall Street gave some encouragement to Toronto which generally traded higher.

Among actives Bell Canada Enterprises traded C$⅜ up at C$41⅛, Dylex was up C$½ at C$13½ and Husky Oil added C$¼ to C$9⅝.

Mercantile Bank was also down again by C$¼ to C$9 after agreeing in principle to merge with National Bank, which traded C$⅛ lower at C$19⅞.

In Montreal industrials, utilities and banks all traded slightly higher.